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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

AUEW Right gains control

Right-wingers yesterday gained control of the engineering union's (AUEW) policy-making national committee, marking a significant shift over the past year.

The committee had been split 26-26 between left and right, with voting yesterday right-wingers had a 29-23 majority.

The shift could decisively swing the union's attitude to Labour Party reform. Last year the left wing cast the unions block vote at the party conference in favour of the mandatory reselection of MPs. Back Page

School bus crash

Two children were killed and 15 injured outside a Manchester school when a five-ton articulated lorry collided with a school bus.

Knife attack

Worshippers fled as a man brandishing a knife burst into the House of Commons 16th-century parish church of St Margaret's and slashed at the altar. A man was later helping police with inquiries.

Mugabe amnesty

Zimbabwe Cabinet granted an amnesty to some 9,000 prisoners whose offences—including convictions under the National Service Act—were not covered by Lord Soames' earlier amnesty.

China warning

Chinese Premier Hua Guofeng said in Peking, China may again take military action against Vietnam, which, he said, had massed 60,000 troops along its border and provided military bases for Russia.

Tito 'very grave'

President Tito was "exceptionally grave" and his life in danger, his doctors said in their most pessimistic bulletin since the 87-year-old leader entered hospital in January.

Almost home

Round-the-world lone yachtman David Scott-Cowper, now just 160 miles south west of Cornwall, hopes to reach Plymouth on Wednesday and shatter by 25 days the existing 272-day record.

President resigns

South Yemen President Abdel Fattah Ismail has resigned in what is believed to be a power struggle with Prime Minister Ali Nasser Mohammed, who succeeds him. Page 3

Bush setback

Republican George Bush suffered a setback to his White House hopes in today's Pennsylvania primary when Senate Republican leader Howard Baker, who has dropped out of the race, endorsed Mr. Ronald Reagan. Page 2

Briefly

Lord Kagan's son, Michael George Kagan, 28, was sent for trial by Leeds magistrates on 16 charges involving theft, false accounting and currency offences. Charges against Lord Kagan were adjourned.

Independent Television is to apply for the breakfast television franchise for 1982.

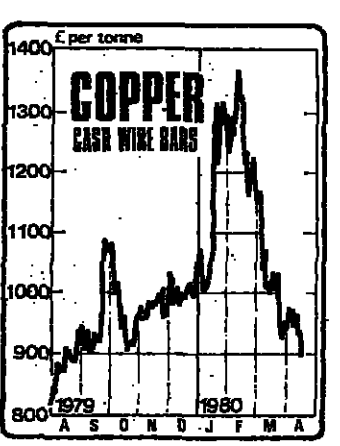
PUBLISHER'S NOTICE

The Financial Times apologises for errors contained in this issue which are due to difficulties in the reading department.

BUSINESS

Gold off \$15; Sterling up 1.3c

● GOLD lost \$15 in quiet trading to close at \$497.50. Page 25



● COPPER prices fell to the lowest level since August on the London Metal Exchange. Cash wirebars lost \$23.25 to close at \$897.75 a tonne. Page 27

● STERLING was firmer, closing at \$2.2330, a rise of 1.3c. Its trade-weighted index was 73.2 (73). Page 25

● DOLLAR was weaker overall but recovered to close at DM 1.8510 (DM 1.8550) and firmed against the yen to ¥250.1 (¥249). Its trade-weighted index was 88.7 (88.5). Page 25

● GILTS: Funds continued to flow in and longer dated stocks made steady progress. The Government Securities Index closed 0.32 up at 67. Page 28

● EQUITIES: Leading shares opened a shade higher, but lost on lack of support. The FT 100 share index closed down 1.6 at 441.1. Page 28

● WALL STREET was down 1.2 at 762.2 before the close. Page 26

● CODE OF CONDUCT supported by the Confederation of British Industry is being ignored by most British companies operating internationally. Page 13

● MOTOR INDUSTRY in Europe must defend itself against cheap imports, said Sir Barrie Heath, president of the UK Society of Motor Manufacturers and Traders. Page 4

● METAL BOX, the UK's largest producer of cans, is to invest £15m in a new plant capable of using either tin-plate or aluminium, switching production within four days. Page 6

● TRADING in securities of Intel, the ailing Californian computer leasing company, was halted indefinitely by the New York Stock Exchange. Back Page

● GRAND METROPOLITAN tender offer for the outstanding shares of the U.S. drinks and tobacco group Liggett has been blocked by a restraining order. Page 20

LABOUR

● BANK messengers' pay dispute, which virtually halted cheque clearances at the English clearing banks, was settled. Page 9

● CIVIL SERVICE staff cuts are being considered by the Government, Sir Ian Bancroft, head of the home Civil Service, confirmed. Page 9

COMPANIES

● FORD OF BRITAIN announced pre-tax profits of £386m (£242m) for 1979 on record sales of £3,193bn. Back Page, and Lex

● VERTEX CHEMICALS announced pre-tax profits for 1979 down from £2.55m to £2.08m, falling to a loss of £759,000 at the attributable level. Final dividend is omitted. Page 18

Strikes collapse at BL Cars as 13,000 vote for return

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

Strikes by more than 13,000 BL Cars workers collapsed yesterday — another important victory for Sir Michael Edwardes, the chairman.

The company now faces only pockets of resistance — particularly at Jaguar, Coventry — in imposing its 5-10 per cent pay offer linked to fundamental changes in working practices.

But Transport and General Workers' Union shop stewards from 30 of the 36 car plants, who met in Birmingham yesterday, appeared determined to regroup and mount a piecemeal campaign against the new work methods.

They are demanding continued official support from the union for workers who resist changes which BL insists are vital to survival. The key battleground will be at Longbridge, Birmingham, where the company plans shortly to put the new Mini Metro into mass production.

In the first dispute over the new work practices at Longbridge 50 men walked out in protest at the removal of "topping up" allowances — the payment for donning protective clothing.

The company last night laid off 500 workers on Mini and Allegro production, which is quickly expected to be brought to a standstill.

At Solihull, the 7,000 Rover workers spurned their stewards' advice and voted by a 4-1 majority for a return to work.

Another 2,500 employees at Rover components plants in Birmingham followed. The pattern was repeated at the Swindon body plant, with 2,000 workers. Lianelli with 250 and Castle Bromwich, Birmingham, with 1,700 workers.

Ford UK profit

Ford of Britain made record sales of £2,193bn, and profits of £386m, last year. It also paid a record £135m to its parent U.S. company. Back Page

The 1,600 strikers at Common Lane, Birmingham, who produce the Sherpa van, meet today and are likely to return to work. But there could be problems at the two Jaguar plants in Coventry, where 3,000 are on strike over a proposed new grading structure.

The transport union is likely to argue that the case should be treated separately from the dispute over the pay package. But BL insisted last night that any workers who had not returned by tomorrow would be deemed to have terminated their employment.

Another potential trouble spot is Oxford Exhausts, where

a strike by 80 men threatens supplies of exhausts and radiators.

Sir Michael's tough line in resisting all opposition to his package and, ultimately, threatening to sack strikers has swept aside organised opposition.

But this latest confrontation has created frustration and bitterness on the shopfloor which may make the proposed reforms more difficult to implement.

A key factor in the company's victory was the stance of the Amalgamated Union of Engineering Workers, whose skilled members were offered a 10 per cent rise, twice that offered to production workers. Mr. Terry Duffy, AUEW president, has consistently urged workers to give the deal a try and to cross picket lines.

Meanwhile, the transport union stewards meeting in Birmingham called on their union not to allow BL issues to be discussed by the Confederation of Shipbuilding and Engineering Union — a body on which the union is in the minority though it claims up to 70 per cent of BL membership.

The stewards are also demanding increased representation on the central BL negotiating committee.

West Germany and Japan under Iran pressure

BY OUR FOREIGN STAFF

Iran is putting pressure on Japan and West Germany in a last-minute bid to stop them joining in full economic sanctions in support of the U.S. over the hostage crisis.

They are the two major consuming countries most dependent on Iran's oil.

The Iranian Government has notified Japanese trading companies that shipments of oil are to be suspended.

The immediate reason is the refusal of the 12 Japanese trading companies who import 520,000 b/d from Iran to pay an increase of \$2.50 a barrel from April 1.

Japanese officials yesterday played down the connection between the Iranian decision to suspend shipments and the possibility of Japan joining a trade embargo with its European allies, but the two issues have now become inextricably linked.

Japan had been importing up to 13 per cent of its oil requirements from Iran. It is the industrialised country most affected by a suspension of Iranian oil, but with 90-100 days stocks in hand is fairly comfortably placed.

The Iranians, obviously perturbed by the Japanese refusal to accept the price rise, set on April 21 deadline for stopping loading of Japanese tankers. There are believed to be four or five Japan-bound tankers awaiting shipments in Iran.

It appears that at least one major Japanese trading house, Mitsui and Co., managed to load its April monthly allotment by the weekend. A stoppage in shipments would hurt Japan if continued for a long time.

Government officials have claimed that Japanese oil stocks can and will be used if the Iranian oil is cut. Yesterday in Tokyo, the Chief Cabinet Secretary, Mr. Masayoshi Itoh, told Japanese reporters that the country will ask major international oil companies, with the help of the U.S., to make up for any shortages caused by a stoppage.

The Iranian Government also warned West Germany yesterday, in a formal statement, that supplies would be cut off if the Germans decided to follow the U.S. call for sanctions.

The Iranian Embassy in Bonn said compliance would have "long-term consequences for German-Iranian economic relations".

West Germany, which has been in the forefront of the drive to secure European backing for the measures proposed by President Carter, imports 10-15 per cent of its crude oil requirements from Iran.

Iran crisis news. Page 2
Learning to live with an energy crisis. Page 17

BNOC makes £75m profit

BY RAY DAFTER, ENERGY EDITOR

BRITISH National Oil Corporation is on the way to becoming the UK's most profitable State undertaking. It has reported a pre-tax profit of £75m for 1979.

Within the next four to five years its annual profits could soar to more than £1bn, according to unofficial industry estimates.

However, with plans for its reorganisation still in the offing, its chairman, Mr. Romy Utiger, has called on the Government not to take action that would turn the Corporation into a "political football".

Under Government reorganisation plans, outlined to BNOC's Board by Mr. David Howell, Energy Secretary, the State

Corporation would be split into two separate undertakings.

The exploration and production arm of BNOC, involving a substantial degree of private capital, would be run on the lines of British Petroleum. The oil-trading arm, which handles about two-thirds of all the oil produced in the UK sector of the North Sea, would be retained as a wholly-State-owned company.

The Government plans to invite private shareholders into the exploration and development arm of BNOC. Dr. David Owen, the Opposition energy spokesman, has said a Labour Government would renationalise a "privatised" BNOC.

Mr. Utiger says in the annual

report that he hopes the restructuring operation will be "resolved in a way which retains the capacity of the Corporation to serve the national interest as may be required, and avoids the danger of a total upheaval every time the Government changes".

The report shows that BNOC, established in 1976, met its initial financial objective to make a net profit in 1979. Higher oil prices last year meant that it was achieved comfortably. Its pre-tax profit of £75.4m, on sales of £3.2bn, compared with a loss of £2.3m on sales of £432m in 1978. It was "an extraordinarily satisfactory year", Mr. Utiger said here.

Continued on Back Page

Optimism on EEC budget payments

By John Wyles

THE EEC has agreed on the mechanisms by which the budget payments to the Community this year might be reduced, according to Sir Geoffrey Howe, the Chancellor of the Exchequer.

Sir Geoffrey's comments came after yesterday's meeting of the EEC's finance and economics ministers and added to the growing feeling of optimism that the budget problem could be settled by the Community's heads of Government meeting in six days' time.

Additional momentum towards agreement has been given by the concern within the Community about the gathering international crisis over Iran and following the Soviet invasion of Afghanistan.

After yesterday's meeting it was generally accepted that some £300m could be wiped off the UK's budget bill by changing the so-called "financial mechanism", and a further unspecified amount removed from the payments burden through increased Community spending in the UK.

But it still remains for the Heads of Government to settle on Sunday and Monday here the crucial outstanding questions of by how much the UK's budget payments should be reduced and for how long any special arrangements to benefit the UK should last.

According to several officials here the impact of the darkening international situation on the UK budget negotiations has been twofold. Generally it has produced a very strong desire in West Germany, France and the UK to be seen to be grappling with the major foreign issues of the day rather than an essentially domestic Community squabble.

This, in turn, is producing a softening of negotiating Thatcher, the UK Prime Minister, is talking more of compromise, less of reprisals against the Community if there is no agreement at the summit, and even of negotiations continuing until the next heads of Government meeting in June.

France, which for the past five months has often seemed the main obstacle to an agreement, has made changes in its negotiating approach which some observers believe owe much to the external situation.

Fed urges banks to curb loans to U.S.

BY NICHOLAS COLCHESTER

ALL THE central banks of the Group of Ten countries, and of some other countries, have been asked by the U.S. Federal Reserve to help it enforce the credit restraint which formed part of the U.S. anti-inflation programme announced by President Carter in mid-March.

The request, in the form of a letter from Paul Volcker, the Fed chairman, was handed to the central bankers when they met a week ago at the Bank for International Settlements in Basle. It asked the central banks to urge large banks in their respective countries not to undermine the credit restraint by making loans from outside the U.S. to U.S. borrowers.

There are already signs that the Fed's appeal will complicate the raising of Eurodollar finance for foreign takeovers of U.S. companies. Grand Metropolitan's \$415m bid for the U.S. tobacco company Liggett Group could be affected.

By resorting to moral persuasion of other central banks to reinforce domestic credit policies, the Fed could also have created a precedent for central bank co-operation in regulating the Eurodollar market.

The Fed's move is believed to be the first time that such a general request delivered through the Basle forum of central bankers has been used to re-inforce credit policies in particular countries. Central banks are this week reacting to the request in different ways. The Bank of Japan, which, with the Japanese Ministry of Finance, has a tight grip on its domestic banks, yesterday announced that it was "advising" major Japanese banks to restrain their lending into the U.S. so that such loans should not grow at above the 6-8 per cent laid down in the Fed's programme.

The German Bundesbank confirmed yesterday it would, in the "near future," ask the major German banks to show restraint in their U.S. lending. The Bank of England said of the Volcker letters: "We are considering how best to respond to this."

The Fed has not turned directly to foreign banks operating in the U.S. because, according to Governor Henry Wallich, it considers the special credit restraint programme automatically binding upon them. It is concerned here to block a major potential loophole, whereby U.S. borrowers can raise dollars from

outside the U.S. banking system.

In the letter, Mr. Volcker says: "I would greatly appreciate it if you could find the opportunity by whatever means you consider appropriate, to urge the principal banks in your country, whether or not they have branches or agencies in the U.S., to support our programme and to limit their loans to U.S. residents in line with the objectives of the special credit restraint programme."

Governor Wallich explained yesterday that, in addition to this request, the Fed was continuing to monitor loans arranged internationally by large U.S. companies.

Beyond the quantitative limit of 63 per cent the U.S. programme of restraint also specifically discourages loans made for the purposes of speculation or take-over. It is because of this that Grand Metropolitan, the British hotels and drinks company, may find its \$415m bid for Liggett Group made more difficult.

The Fed has been in contact with the Bank of England, discussing the implications of the large amount of Eurodollar borrowing which Grand Metropolitan has arranged to finance this take-over attempt. The Bank of England said yesterday it declined to "comment on individual cases."

Mr. Anthony Good, executive director of Grand Met, said yesterday the company has not been approached by the Bank of England about the financing of its bid for Liggett.

Among Western central banks the U.S. Fed has been particularly sensitive to the possibility that flows of funds through the international banking system might be undermining its domestic monetary policy. Its advocacy of some form of global reserve requirements to curb these flows has been rejected by other central banks — among them the Bank of England — interested in preserving an active offshore market in dollars.

\$ in New York

	Apr. 18	previous
spot	\$2,2150-2190	\$2,2270-2290
1 month	0.10-0.20 premium	0.15 premium
3 months	0.22-0.27 premium	0.24-0.29 premium
12 months	0.70-0.85 discount	0.85-0.75 discount

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EUROPEAN NEWS

MODIFICATION OF FINANCING SYSTEM NO LONGER RULED OUT

Paris may accept EEC rule change

BY ROBERT MAUTHNER IN PARIS

A FUNDAMENTAL modification of the EEC's financing system, aimed at achieving a better balance between member states' net budgetary contributions and receipts, is no longer being ruled out by the French Government, according to authoritative officials in Paris.

A change in the present rules, under which all customs duties and farm levies on imports from outside the Community and up to 1 per cent of VAT receipts are paid by member countries into a common budget, is not favoured by France because it would undermine the principle of Community "solidarity." But the French are beginning to realise that a change would have certain long-term advantages, the officials said.

The new French thinking on the subject could have a vital bearing on the negotiations on Britain's demand for a substantial reduction of its net contribution to the Community budget, estimated at about £1.2bn in 1980. French officials stress, however, that the type of solution which is eventually found for Britain's financial difficulties depends very much on whether the British Government is seeking a temporary or permanent arrangement.

If Mrs. Thatcher, the British Prime Minister, is prepared to accept a temporary and strictly limited reduction of the UK's financial burden, this would not necessitate a change in the rules.

If, on the other hand, Britain is looking for a permanent

arrangement, the Treaty of Rome would have to be amended. This would require not only agreement by all the member countries, but ratification by national parliaments. An essential French condition for such a change of the rules is that it would apply to all member countries, not only Britain. There could be no question of a "lex britannica."

If there is to be a modification of present rules, the French would also insist that the new arrangements apply to countries which receive more from the Community budget than they pay in, as well as to those which have a net deficit. In other words, any corrective mechanism would require surplus countries to repay at least some of their net receipts from the budget.

The officials gave Denmark as an example of a member country whose net receipts from the common budget were currently much higher than even Britain's net contributions.

The possibility of a change in the Community's rules was first mooted by President Giscard d'Estaing in a newspaper interview 10 days ago. But many observers thought at the time that the French President was merely raising the issue in order to underline France's opposition to any modification of the Treaty of Rome.

It has now become clear that the French Government, while still opposed to any revision of the present rules, is actively considering such a change as a realistic option.

Karamanlis candidacy in doubt

By Our Athens Correspondent

THE GREEK Prime Minister, Mr. Constantine Karamanlis, is having difficulties stepping up to the presidency and the country could be headed for an early general election.

All opposition parties have rejected the conditions Mr. Karamanlis set at the weekend under which he said he would stand in tomorrow's presidential election.

Mr. Karamanlis, 73, said the election should be placed above party politics. He appealed to the 300 MPs to vote according to conscience and not along party lines. This, he said, would allow him to perform his duties politically uncommitted.

The Panhellenic Socialist Movement (PASOK) of Mr. Andreas Papandreu and the Communist Party (KKE), together hold 104 seats in the 300-seat House and are opposed to his candidacy. Mr. Karamanlis could not hope to be elected on either the first or second ballots which require at least 200 votes.

With the five smaller parties now indicating they will not co-operate, the ruling New Democratic Party, with 174 seats, would have to rely on the seven independents to obtain the 180 votes required in a third ballot.

Should Parliament fail to elect a President in a third ballot on May 3, the House will be dissolved and a general election called for early June.

It is doubtful if Mr. Karamanlis would be willing to risk the humiliation of running three times to be elected.

Hesse nuclear plan in trouble

BY KEVIN DONE IN FRANKFURT

THE proposed construction of a nuclear fuel re-processing plant in the state of Hesse has started to encounter strong political opposition.

In February, DWK, the West German nuclear fuel re-processing company, which represents the interests of 12 separate electricity utility companies, filed an application with the Hesse Government for permission to build a plant with the capacity to re-process about 350 tonnes a year of spent nuclear fuel.

In this, it was supported by the Hesse Government, a coalition of the Social Democrat (SPD) and the Free Democrat (FDP) parties. But the SPD grouping in South-Hesse, which has a reputation for standing well to the left of the general party line, voted clearly against the energy policies that are being pursued by the party leadership at a weekend district party conference. It called on

the administration to give up its support for the re-processing plant "because of the high risks of the technology and its disputed scientific basis."

So far, the FDP party leadership in Hesse has been the target of only muted grassroots opposition, but its energy policies will come up for discussion at its party conference next weekend, and its support for the re-processing plant is also expected to arouse sharp criticism.

Poll confusion after CDU death

BY ROGER BOYES IN BONN

THE UNEXPECTED death of Herr Heinrich Koeppler, a leading Christian Democrat politician, has thrown into confusion the election campaign in the key West German State of North Rhine-Westphalia and opened up the prospect of a significant shift in the balance of power between the leading parties.

Herr Koeppler, head of the opposition Christian Democrats (CDU) party in North Rhine-Westphalia, died after suffering a second heart attack. He was a well-respected man and a fair-minded politician who was steering his party into the final run-up for the State election on May 11.

The state, the most populous in West Germany with 17m people, is finely balanced in electoral terms and the CDU stood a reasonable chance of victory. It is the strongest party with 95 seats but the Social Democrats (SPD), with 91 seats, have formed the ruling coalition

with the Free Democrats (FDP) who have 14.

The complexion of the North Rhine-Westphalia coalition is thus similar to the one that runs West Germany as a whole, and therein lies part of the significance of Herr Koeppler's death. The State is seen as a vital indicator of the likely outcome of the general election in October.

A hefty sympathy vote for Herr Koeppler, bringing the CDU to power, would come as a severe jolt to Chancellor Helmut Schmidt. At the same time, a CDU victory would give the party a two-thirds majority in the Bundestag, the Upper House, and an effective blocking power over Government legislation.

There is a strong precedent for the effects of a sympathy vote. The only time that the CDU has been able to gain power in North Rhine-Westphalia since the war was in 1958 when Herr Carl Arnold, the then CDU leader, suffered a heart attack.

Even CDU politicians admitted afterwards that this had influenced many of the undecided voters.

In any case, the state coalition is far from impregnable. The anti-nuclear Ecologists party, the "Greens," may well take important votes away from the Free Democratic party and force it below the so-called 5 per cent hurdle. This is the minimum share of the vote necessary for parliamentary representation and would put the CDU in an even stronger position.

The SPD has so far been focussing its campaign on what it claims are the shortcomings of Dr. Kurt Biedenkopf, the deputy CDU leader who looks set to take over from Herr Koeppler. The SPD claims that Dr. Biedenkopf, one of the party's top economic experts, is a close ally of Herr Franz-Josef Strauss, the Chancellor candidate.

Swedes face more industrial disruption

By William Dufforce in Stockholm

A CRITICAL week opened on Sweden's labour front yesterday when 1.2m public sector employees refused to work overtime.

Their action threatens to disrupt public transport gradually, to cause staffing problems in hospitals and schools and to restrict police operations. It could also herald more severe industrial conflict later in the week.

The ban on public sector overtime is linked with private sector wage negotiations, in which Government-appointed mediators are working against a deadline to produce a settlement acceptable to both sides.

Unions have said they will resume industrial action if no agreement is reached for Wednesday. Such a move could bring counter-action by the employers.

Employer organisations for state, county and local authority employees are awaiting the result of the private sector talks before concluding their own pay agreements.

Impatient at the delay, four public sector unions have not only imposed an overtime ban but have also given notice of strike action by 14,000 strategically placed employees this Friday. The employers have retaliated with lock-out notices for 12,000 employees from the same day.

Sweden's pay negotiations have dragged on since November. In the private sector the blue-collar union federation, LO, has demanded nominal wage increases averaging 11.4 per cent. The employers' association, SAF, has said that 4 per cent is its limit.

A breakdown was averted on April 13 when SAF accepted the mediators' proposal for an initial concession of a SKr 0.15 an hour rise, or less so-called national kitty which was 1 per cent, to go to the LO could afford off its overtime ban and the employers postponed their lock-out while the mediators continued their work.

The public sector unions' ban on overtime began at midnight on Sunday after mediators had failed to reconcile differences between the two sides over the calculation of a SKr 0.15 an hour kitty similar to that agreed for the private sector.

So far the overtime ban has had little effect.

THE IRAN CRISIS

EEC expected to reject immediate trade sanctions

BY JOHN WYLES IN BRUSSELS

FOREIGN MINISTERS of the EEC meeting in Luxembourg today look likely to rule out the immediate adoption of trade sanctions against Iran and to opt for a two-stage approach based on UK proposals for securing the release of the U.S. hostages in Tehran.

Intense diplomatic exchanges in the run-up to today's crucial discussions have revealed a unanimous, if reluctant, acknowledgment by the Nine that they must respond to demand for alliance solidarity over the hostages issue.

This does not mean, however, that the EEC is ready to join in levying an immediate trade embargo. Most of the Nine doubt whether this will secure the hostages release and some are reluctant to face up to the sacrifice of national interest involved.

As a result EEC Ministers

appear to be ready to embrace proposals circulated by Lord Carrington, the UK Foreign Secretary, which will lead the Community first into mounting diplomatic pressures on Iran and then into applying trade sanctions if there is no change in the hostage situation.

Apart from enabling the Community to postpone grasping the sanctions nettle, the attraction of the UK proposals is that they appear to be acceptable to the U.S. It is understood that Foreign Office soundings in Washington have not drawn any undue criticism of the plan.

Among other things, it is understood that the first phase of EEC pressure on Tehran would involve a reduction in diplomatic representation in both Community embassies in Tehran and Iranian embassies in the EEC, visa controls on Iranian nationals, the suspension of arm shipments and the threat of trade sanctions. The trade embargo would be implemented in the second stage of the plan after a specified period, possibly by the middle of May.

It is not yet clear whether a transfer of the hostages from the control of the students to government custody would be considered sufficient to avert the threat of EEC sanctions.

A novel feature of the EEC discussions is the close involvement of Japan whose Foreign Minister, Mr. Shigemitsu Shiro, had talks with a number of Community Foreign Ministers after their arrival last night.

Officials suggest that France has been a little irritated by suggestions that it wants to drag its feet on the issue and there has been a noticeable strengthening of French support for common action during the past 48 hours.

Japan looks to the U.S. for oil

BY RICHARD JOHNS

JAPAN HAS had consultations with the U.S. about supplies of oil from Western countries to make good a shortfall if it were to join in a trade embargo against Iran, according to Japanese diplomats.

Japan has been lifting 520,000 barrels a day from Iran, or up to 12-13 per cent of its current requirements, and would be hardest hit by a cut-off in supplies.

In Washington yesterday, officials privately acknowledged that it might be necessary to provide special assistance to Japan for the loss of Iranian oil. The sharing mechanism provided for in the 19-19 member Inter-Through a bilateral arrangement national Energy Agency

or through a bilateral arrangement.

Last night Mr. Uti Lantke, director-general of the IEA, who had just returned from a three-day absence abroad, said that he was aware that Japan had yet made any formal approach. Other officials of the IEA were unavailable for comment.

Under the IEA scheme, a member is entitled to seek help from the others when its supplies fall seven per cent short of the norm. It has yet to be tried, though. Sweden last year came close to activating the "trigger mechanism."

The most obvious bilateral assistance from the U.S. would be to divert Alaskan oil to Japan. At present there is a Congressional ban on the export of Alaskan crude but the Administration could ask for this to be lifted.

Japanese diplomats say that there is no connection between the question of sanctions and the Iranian decision to suspend oil imports to Japan because of the refusal of the 12 trading companies involved to pay an extra \$2.50 per barrel from April 1 over and above the \$35 previously charged. In this, they were fully backed by Tokyo.

At the same time, Japan wants its involvement in the \$5bn petrochemical complex at Bandar Shahpur, to be treated as a separate issue by the U.S. and other Western countries considering sanctions.

Living with crisis, Page 17

W. Germany starting era of electronic correspondence

BY KEVIN DONE IN HANOVER

THE ERA of "electronic correspondence" in Europe will begin in West Germany over the next few months. The Bundespost, West Germany's post office, is introducing services which promise to have a far-reaching impact on the world electronics market.

The West German "Teletext" service is to begin in January next year, making it possible to send mail electronically from one end of Germany to the other in no more than 10 seconds.

The system uses machines which in one unit include a typewriter keyboard (allowing far more characters to be used than on present telex machines), a computer memory, a screen (on which correspondence can be edited and corrected), and components allowing the transmission and reception of correspondence from user to user.

During the early 1980s the service is set to expand rapidly, first to Sweden, also in 1981, then Canada, the U.K., Austria, Switzerland and most other Western industrial countries.

The way will then be open to send electronic correspondence internationally direct from user to user with equal speed.

According to Siemens, the biggest West German electronics and electrical group, as many as 100,000 users are expected in West Germany alone by the end of the 1980s.

Fight for markets

The market which the service will open up in the Federal Republic alone over the next decade could be worth as much as DM 3bn (£713m). On a world scale, it is expected to lead to a major battle for markets between the world's electronics giants, and in West Germany equipment is ready for the market launch from such companies as Siemens, Triumph Adler (owned by Volkswagen), Olympia (owned by AEG), Standard Elektrik Lorenz, the West German subsidiary of IIT of the U.S., and Philips of the Netherlands.

The world's major postal administrations have been working

for nearly four years to ensure that manufacturers in different countries produce compatible equipment, so that there is no communication problem between different systems.

The Bundespost has been anxious for Teletext to avoid the sort of chaos which developed, particularly in the U.S., because of incompatible data processing and transmission systems.

The world's post offices will meet in June for what is hoped to be a final session to produce a protocol allowing all vital components of the system to be standardised. According to the Bundespost, the major obstacle to agreement is France's insistence on procedures not favoured by most other countries.

Prof. Heinz Guntin, the Siemens Board member with responsibility for the communications division, said he was optimistic that agreement could be reached, and that about 90 per cent of the protocol had already been agreed.

Speaking at the Hanover Fair, the world's largest exhibition for capital equipment and office technology, he said it was vital for a unified system to be introduced which would allow all users to communicate with each other internationally, regardless of the origin of the equipment.

Compatibility between machines had been a major reason for the success of the international telex network, he said.

Forced to follow

If France fails to fall into line, other postal administrations will press ahead regardless, hoping to set a powerful precedent which other countries would be forced to follow.

In the long-term, Teletext could well replace telex in most advanced countries, said Prof. Guntin, although substantial growth is still expected in the world telex market in the next decade. An important feature of the Teletext machines is that they will also be able to use the international telex network. In the more distant future,

these machines are also expected to transmit facsimiles. "Telefax" machines, which allow "long-distance photocopying," are expected to be the other major growth market in electronic text communication over the next decade. Prof. Guntin said the number of users in West Germany alone, now estimated at 10,000, should grow to 120,000 by 1990.

A telex service for private subscribers was launched in the Federal Republic last year, but from June the Bundespost is also making the system available for the general public.

From the summer it will be possible to send letters electronically over long-distance photocopyers from about 600 different post offices throughout West Germany. Users will take their letter to a local post office, from where it will be transmitted to a post office near the receiver's address. From there it will be delivered the same day by express messengers. The cost is expected to be about DM 10 for the first A4 size sheet, and DM 5 for all following sheets.

'Kurdistan is exploding,' claim rebels

By Our Foreign Staff

MORE THAN 100 people have died in fighting between Kurdish guerrillas and the Iranian army over the past four days around the town of Saqez, according to an official of the Kurdish Democratic Party in the town.

The skirmishing has been concentrated around Saqez and Sanandaj, the capital of Kurdistan, in both areas there has been artillery bombardments but the Iranian army says that clashes have been less serious than the Kurds suggest.

A column of Iranian troops has been trying to move north from Sanandaj to Saqez. A company of soldiers from this force was captured by rebel forces on Sunday, according to reports in Tehran, and the Iranian army has demanded their release.

An official of the Kurdish Democratic Party, which controls most of the guerrilla forces, is quoted by the Tehran daily, Kayhan, as saying: "Kurdistan is exploding." Hundreds of Kurds were fleeing across the border to Turkey.

Campus strife leaves 1,000 injured in three days

BY SIMON HENDERSON IN TEHRAN

CLASHES between students and Islamic fundamentalists outside Tehran University yesterday left 100 people injured.

It was the third day of fighting between rival groups, which has swept university campuses around the country and resulted in more than 1,000 people being injured. President Abol Hassan Bani-Sadr has given a warning that the tension could create the atmosphere for a coup d'etat.

In yesterday's fighting in Tehran, revolutionary guards restored order by using tear-gas and firing volleys into the air after a crowd of about 20,000 had gathered. But tension continued and the state radio made frequent appeals to people to avoid the centre of the city.

The Islamic fundamentalists, many of whom do not appear to be students, have been challenging left-wing students to vacate their offices in the University. So far, only one group, the Islamic-Marxist Mujahadeen, has said it will do so.

Observers identify the fundamentalists as supporters of the hard-line Islamic Republican Party which has done well in the first round of elections and whose leadership challenges President Bani-Sadr from within the ruling Revolutionary Council.

The Council has ordered all political groups to leave University campuses by tonight. Although opposed to the left-wing groups, President Bani-Sadr has said that attacks on them are not the way to deal with the problem.

U.S. plans to make its embassies more secure

BY DAVID BUCHAN IN WASHINGTON

THE U.S. State Department is asking Congress for \$40m over the next 18 months to improve the protection of U.S. embassies abroad and to prevent them from being as easily overrun as the Tehran mission was last November.

The Department would use the money to step up security at some 15 posts in politically troubled areas, such as Central America and the Middle East. In addition to the takeover of the Tehran embassy, there were also mob attacks on U.S. missions in Pakistan and Libya in the past year.

Officials have pointed out repeatedly that no embassy with a limited number of marine guards can hold out against a prolonged assault that is sanctioned or at least condoned by a host government. There is no intention to turn U.S. embassies into fortresses.

But the incident at the U.S. embassy in Islamabad last November showed, to the satisfaction of U.S. security officials, that a modern embassy building could be defended for a few hours while secret information was burned and personnel got to safety. The new programme would be to install safe havens inside embassy buildings and escape routes along with better control of public access.

Why Bonn has problems in showing solidarity with Washington

BY ROGER BOYES IN BONN

JAW, JAW—not war, war—Winston Churchill's slogan was taken literally at the West German Social Democratic Party's conference on security last weekend. Hundreds of committed Social Democrats, Jews exercised themselves to the point of exhaustion in the cause of peace.

The talk did not spare the academic rod, and the war philosophies of Clausewitz and Heraclitus were common currency, along with gloomy analyses of the international situation. But the meeting, only days before Europe has to decide how to react to the Iran crisis, provided some startlingly up-to-date insights.

Above all, it showed the severe domestic restraints on Herr Helmut Schmidt, the West German Chancellor, as he strives to find a suitable way of expressing solidarity with United States demands for sanction on Iran.

While Herr Schmidt stressed his support for Washington, delegates (over 1,000 attended the meeting) repeatedly claimed

that the U.S. was dragging Germany towards a war, or at least into an uncontrollable international crisis.

Herr Schmidt adjusted his prepared speech, slightly to answer some of the criticism, but the delegates were clearly not wholly convinced. The problem is that Herr Schmidt laid equal emphasis on the risk of an impending war (he again compared the international situation with that of June-July, 1914), and on the need for full backing for the U.S. As the only way out of the crisis. By contrast, many delegates argued that the U.S. was escalating the crisis, and that solidarity (although important) could be carried too far.

The Gulf between the grass roots Social Democrats and the Chancellor underlines just how little room for manoeuvre Bonn has. The party's rank and file will naturally stay loyal to the Chancellor—he is their ticket to re-election. But there is clearly a strong current of opinion transcending the simple categories of left and

Schmidt under pressure at the precise time when he needs a free hand to demonstrate solidarity with Washington. These views find sympathy in the party leadership, notably from Herr Herbert Wehner, the Parliamentary floor leader.

Herr Schmidt has thus to sell his policies both to the grass roots and to parts of his Cabinet, and this in itself has dictated caution in his deliberations of how best to support the U.S. and still keep lines open to the East.

Comprehensive reprisals against the Soviet Union over Afghanistan, the party fears, could harm the East-West links which are essential, for example, to West Berlin.

The Iran hostage crisis is a better way of demonstrating solidarity with the U.S. if only because it does not (yet) involve direct confrontation with Moscow. To this end, Bonn is prepared, if necessary, to go out on a limb to impose economic sanctions, especially if this stops the U.S. taking military action in Iran. The Chancellor,

although not wholly convinced of the ultimate effectiveness of sanctions, is determined that this should be done, as the Free Democrats, headed by Herr Hans-Dietrich Genscher, the Foreign Minister.

This does not, however, appear to be the view of many members of the Chancellor's party. The problem for the party managers in an election year is thus how to sell the Chancellor's line to the local party organisations, and ensure that they pass the word on to the electorate.

The answer seems to be to press ahead with an offer of talks on arms control with Moscow, viewed as a high priority by the party grass roots. Last December, the Social Democratic Party conference approved the Atlantic alliance's plans for modernising theatre nuclear weaponry, much of which would be based on West German soil. But this approval was coupled with the demand that talks on arms limitation—specifically of medium-range

weapons in Europe—be opened with the Soviet Union.

Why has no progress been made on the arms talk element of the party resolution, delegates asked the leadership last weekend.

Herr A. Alfons Pawelczyk, the party's main defence expert, explained there were three main inhibiting factors. In the first place, solidarity with the U.S. meant that Bonn could not be seen to be acting over-independently in negotiating with Moscow. Future arms limitation talks were a matter for the U.S. and the USSR. Bonn should not act alone.

This raised a second fundamental question. If SALT-II is not going to be ratified before the end of 1981 at the earliest, there is simply no forum in which to discuss medium-range weaponry. The party leadership stressed that this should not be a serious limiting factor. The European Conference on Security and Co-operation, to be held in Madrid in November, could, for example, be a starting point at which East and

West agree on a common definition of medium-range weaponry. November, however, seemed a long time off for most delegates.

The third element in the equation was the uncertainty about Soviet intentions. There have been conflicting signals from Moscow, but the first and most probable interpretation of Leonid Brezhnev's visit to Moscow in principle willing to talk about arms control right up until the Atlantic alliance is in a position to deploy its new weapons at the end of 1983.

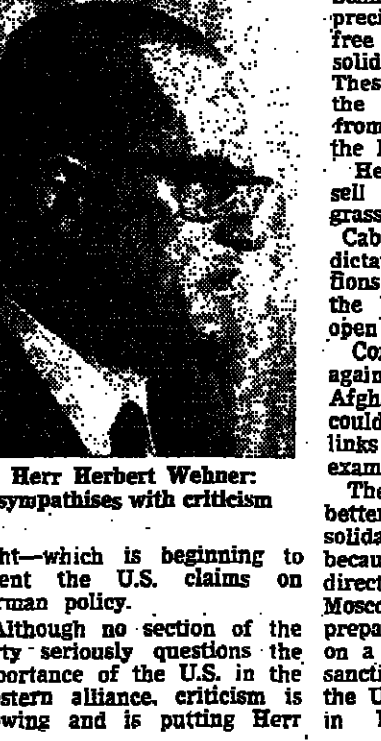
In the Social Democratic Party's view, if negotiations with the East are advanced but not finalised by 1983, deployment could be delayed. But if any of this is to make sense, the Soviet Union should also agree to delay stationing any more medium-range weapons, particularly SS-20s, in the interim.

Otherwise the imbalance of forces would grow to such an extent that the basis of negotiations would be seriously affected.

This was the thrust of a recent declaration by the Chancellor calling for the "mutual suspension of deployment." If the Russians agreed, it would prove they were indeed ready for talks. Some signs point in this direction already.

The problem seems to be that Moscow is willing enough to talk — President Brezhnev's recent invitation to Herr Schmidt shows this — but the premise of the discussions could well be that the Atlantic alliance go back drastically on its decision to modernise theatre nuclear weapons. This remains unacceptable to Germany, and it is clear that Herr Schmidt's proposal for a delay on weapons deployment is an element within the frame work of the Atlantic alliance decision — and not a substitute for it.

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Herr Herbert Wehner: sympathises with criticism

right—which is beginning to resent the U.S. claims on German policy

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South Yemen's President ousted in power struggle

By Hsian Hsazi in Beirut

THE PRESIDENT of South Yemen, Mr. Abdul Fattah Ismail, has resigned in what is believed to be a power struggle with Mr. Ali Nasser Mohammed, the Prime Minister.

Aden radio said Mr. Ali Nasser had succeeded Abdul Fattah as president of the country and secretary-general of the ruling Yemeni Socialist Party.

The announcement cited health reasons for the resignation, but observers attributed it to a running policy dispute between the ousted Head of State and his successor.

Mr. Ali Nasser is a strong advocate of good relations with South Yemen's two conservative neighbours, Saudi Arabia and North Yemen, while Mr. Abdul Fattah has led the country into a close alliance with the Soviet Union, with which it has a 20-year friendship treaty.

The new President is believed to be the moving force behind the recent improvement in relations with Riyadh. Observers said that Mr. Abdul Fattah was obliged to resign after rejecting an invitation to visit Saudi Arabia.

The invitation was carried by Mr. Saleh Salem, the Foreign Minister, after talks in the Saudi capital.

In an interview published in the Beirut left-wing newspaper, As Safir last week, Mr. Ali Nasser said Aden was interested in good neighbourly relations with Saudi Arabia and was going ahead with negotiations with Sanaa for a union between North and South Yemen.

Though Abdul Fattah is known



South Yemeni trio: Mr. Ali Nasser (right), the new President, pictured with Mr. Abdul Fattah Ismail (centre), his predecessor, and Mr. Salim Rubaya Ali, who was executed in 1978

to suffer ill-health, observers do not believe this is the reason for his resignation, they note that he has just returned from the Libyan capital, Tripoli, where he attended a summit conference of the "confrontation Front" opposed to the Egyptian-Israeli Peace Treaty.

There have been persistent reports in the Arab Press about conflict between Mr. Abdul Fattah and Mr. Ali Nasser. Analysts believe Abdul Fattah's removal from office is bound to carry political significance not only for South Yemen but for the Arabian peninsula as well as for Soviet ambitions in the region.

Mr. Leonid Brezhnev, the Soviet President, valued Mr.

Abdul Fattah's visit to Moscow last November so much that, despite illness, he made the effort to greet and later bid farewell to the South Yemeni leader—which he did not do for Syria's President when he visited Moscow shortly before.

Mr. Abdul Fattah, who is 41, had dominated the South Yemeni regime as its Marxist-Leninist ideologue since it gained independence from the British in 1967. He was the secretary-general of the ruling party, and was elected President in 1978 when the political system was restructured after upheavals in Aden which saw the overthrow and execution of former President Salem Rubaya Ali.

Zhao urges caution on reforms

By Tony Walker in Peking

ONE OF China's leaders yesterday admitted that attempts to introduce reforms had produced problems in the economy. Mr. Zhao Ziyang, the executive vice-premier, urged caution in the implementation of changes and spoke of dangers if they were carried out too quickly. His warning came in a speech to a provincial party committee and was carried on the front page of the People's Daily.

Contradictions had arisen between that part of the economic structure where reforms had been made and the structure as a whole, he said. Illegal activities had emerged, such as speculation, profiteering, shoddy work and the use of inferior material.

Mr. Zhao's remarks are most significant as he is now believed to be running the day-to-day affairs of state and is also regarded as one of the more enthusiastic economic reformers.

He said blindness in drawing up production plans should be reduced by guidance. Many enterprises were now vying to meet market demand and duplication of production caused a great waste of labour. Mr. Zhao's remarks suggest there has been a reappraisal of China's limited experiment with a market economy. But he stressed that China would press ahead with economic reform at a steady pace.

Tarling appeals

SINGAPORE — Mr. Richard Tarling yesterday began court proceedings in an attempt to clear his name after his conviction on five counts for company law offences. He appeared in the Court of Appeal, a month after being freed from Changi prison where he was serving a six-month sentence.

His lawyer, Mr. Howard Cashin, told the court that the trial judge had erred in law and in fact.

Reuter

K. K. Sharma in New Delhi reports on India's planning guidelines

Indira makes her economic move

INDIA SET its economic sights high yesterday, when the Planning Commission decided to aim for an ambitious 5 per cent annual growth rate, possibly rising to 5.5 per cent. Average growth for the past five years has been only 3.5 per cent, while the plan formulated by the former Janata Government aimed for 4.7 per cent growth.

The Planning Commission, appointed a fortnight ago, held its first meeting yesterday under the chairmanship of Mrs. Indira Gandhi, the Prime Minister. It will have to work quickly. The plan it is preparing covers 1980/81 to 1984/85, and thus this year's development will be an integral part of it.

The Janata Government's programme has now been abandoned, but there is to be no "plan holiday," although this year's development will inevitably be tentative. The new draft should be ready by the end of this year, for presentation early next year to the National Development Council, India's supreme economic policy-making body.

Yesterday's meeting began a long-delayed process. Mrs. Gandhi has been Prime Minister for more than 100 days, and has

Police used tear gas and batons to disperse demonstrators in Gauhati city, Assam yesterday. AP reports from New Delhi. Dozens of people were said to have been injured. It was the latest incident in a six-month agitation by Assamese students for the deportation of alleged aliens.

only just started the time-consuming process of drafting a detailed economic development programme, the guidelines of which were decided only yesterday.

Mrs. Gandhi wants "self-reliance" to be the main objective. The plan will stress those projects already being implemented and those which will yield quick results, but it will also lay the basis for longer-term projects, including important steel, oil and coal developments, as well as improvements to infrastructure, which has been in a shambles for the past year or so.

Central government ministries and the states are to consult on such vital matters as resource

mobilisation to achieve the high annual growth target.

The plan will include a balance-of-payments policy, since the pressure on the balance of payments is expected to increase. This will require higher production of, and investment in, items now being imported—like crude oil, edible oil and fertilisers. Consultations are also to be held with members of the Organisation of Petroleum Exporting Countries to achieve what is described as "collective self-reliance." Attempts will be made to increase external aid.

The planning Commission is to make particular efforts to make more use of existing capacity in such sectors as power, coal, oil and steel. It will also want to make full use of irrigation potential.

Mrs. Gandhi wants more emphasis on rural development, an integrated programme for which will take into account the "food-for-work" programme, so that it becomes part of the process of economic growth.

It was recognised that family planning efforts have slackened and that the population control



Mrs. Gandhi: aiming at self-reliance

programme must be revitalised. Mrs. Gandhi made a special reference to this in her opening remarks, and said the success of family planning would depend on improved education and nutrition.

The private sector's role is to be examined, and this will find a place in the draft plan, as will an analysis of incomes policy.

Kabul hoists new flag

MOSCOW — Afghanistan's new flag, a black, red and green tricolour, was hoisted for the first time yesterday at a ceremony in Kabul, the Soviet news agency Tass reported.

The flag replaces the previous all-red one which alienated many Moslems when it was introduced after the April 1978 revolution.

The inclusion in the state flag of green, the traditional Islamic colour, is part of an attempt by Mr. Babrak Karmel, the Prime Minister, to win over Afghanistan's devout population. Reuter

Nepal's Premier attacked

KATHMANDU — Sixteen people have been arrested after an incident in which stones were thrown at a car containing the Prime Minister of Nepal, Mr. Surya Bahadur Thapa. The incident occurred on Sunday at Banepa, about 15 miles east of the capital, Kathmandu, the Government-owned Radio Nepal said yesterday.

The Prime Minister escaped unharm, but the windows of his car were smashed. Mr. Thapa was returning to Kathmandu after addressing a public meeting.

The official news agency said some people in the crowd which attacked Mr. Thapa's car were shouting slogans in favour of the restoration of the multi-party system which is to be decided by the country's 7.2m voters in a referendum on May 2.

Mr. Thapa, a supporter of the present partyless Panchayat system of government, had in his speech earlier denounced "those who were bent upon disrupting the national referendum by resorting to threat, intimidation and terrorism." AP

Honecker backs Zimbabwe

By Leslie Collitt in Berlin

EAST GERMANY, which supported Mr. Joshua Nkomo in Zimbabwe's guerrilla war but was not invited to last week's independence celebrations, has expressed its backing for the new state.

Herr Erich Honecker, the East German Communist leader, sent a telegram to the Reverend Canaan Banana, Zimbabwe's President, saying East Germany wants to establish "friendly relations and fruitful co-operation."

Begin men say Weizman must go

JERUSALEM — Supporters of Mr. Menachem Begin, the Israeli Prime Minister, said yesterday that they would seek to oust Mr. Ezer Weizman, the Defence Minister, from his post, even though such a move could bring down the Government.

"We know that some Government Ministers are using political blackmail to get the Prime Minister to forget about the views expressed by Mr. Weizman last week, but we are determined to get him to quit," a member of the executive committee of Mr. Begin's and Mr. Weizman's Herut (Freedom) party said.

He said that the party's parliamentary committee would meet later this week to pass a vote of no confidence in Mr. Weizman. "If this does not get him to resign, we will cut off all contact with him until he realises he has no place in our party."

Mr. Begin's aides said that the Prime Minister was still studying the matter.

Mr. Weizman said in the interview that he favoured early general elections and the implementation of Palestinian autonomy in the Gaza Strip before the West Bank. Both ideas are in direct opposition to the policies of the Prime Minister and his party.

The Defence Minister also said that the Government was not functioning properly and proclaimed his readiness to serve in a Government formed by the opposition Labour Party or by a newly organised Centrist Party.

Meanwhile three Palestinian villagers and two Israeli soldiers were injured yesterday when hundreds of Arab demonstrators attacked an Israeli army patrol in the occupied West Bank. Palestinians, from Dir al-Assal village, blocked the busy Jerusalem-Hebron road and

hurled stones at the soldiers. The troops fired warning shots and wounded three of their attackers.

Reuter

Hsian Hsazi reports from Beirut: The head of the Pales office in Tripoli returned to his post in Tripoli over the weekend—the first tangible sign of an improvement in relations between the PLO and the Libyan regime of President Muammar Gaddafi.

Mr. Abu Tarek resumed his duties following announcement of a reconciliation between Col. Gaddafi and Mr. Yasser Arafat, the PLO's chairman. The two met in Tripoli last week at a conference of the Arab Confrontation Front countries.

Mr. Tarek was expelled from Libya last January. Under the reconciliation, Libya may resume financial aid to the PLO which it halted when the dispute broke out.

WEIR

Results for year ended 28th December, 1979.

Loss-makers eliminated
Recovery and renewed growth expected

	1979 £'000	1978 £'000
Turnover	160,336	183,532
Profit before tax	4,658	9,344
— and before deducting losses of operations discontinued in 1979	(2,579)	(1,743)
Shareholders' funds	36,460	48,036
Earnings per share	1.4p.	20.6p.
Dividend	1.8634p.	5.7233p.

The results are very disappointing. They were badly affected by external conditions including the national transport and engineering strikes, depressed markets, inflation and high exchange rates, as well as by domestic strikes.

We therefore decided that radical action was needed and have closed down two loss-making steel foundries, and a valve company. This has made necessary a provision for closure costs, including the write-off of

assets, representing most of the £8.2m. shown as Extraordinary Items in the Accounts.

The decision not to recommend payment of a Final Dividend should be seen against this background.

There are great strengths in the main parts of our business and excellent opportunities, particularly overseas. We believe that in 1980, firm evidence of recovery and renewed growth will emerge.

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AMERICAN NEWS

WORLD TRADE NEWS

David Buchan visited Pennsylvania to assess the voters' mood in today's primary
Presidential campaign moves to Harrisburg

"MIDDLETOWN HAS just about rejoined the rest of the country—we're now primarily concerned about inflation and jobs, like everyone else," Mayor Robert Reid says of his 12,000-strong community in central Pennsylvania.

"Of course, we still have that little problem down river," he points along the broad Susquehanna to the four cooling towers of the Three Mile Island nuclear plant, which caused world-wide alarm when its reactor core cooling system went haywire 13 months ago.

The nuclear issue is by no means dead in Pennsylvania, which holds its presidential primary elections today. Nor have the candidates neglected it. They are conscious that the aply named "Keystone State" fields the fourth largest delegations to this summer's national conventions, and that today's contest is a bridge between the spring and summer primary campaigns.

Nuclear safety is still of deepest concern to those who, like the residents of Middletown, live just south of the Three Mile Island plant, whose reactor containment system holds a lot of radioactive gas and water. This must be cleaned up before the damaged uranium core can be removed. Both the Nuclear Regulatory Commission and Metropolitan Edison, which operates the plant, want in particular to "vent" radioactive krypton gas into the atmosphere.

The proposed "venting" would probably be trivial compared with the plumes of gas which escaped immediately after the accident. But the plan has been howled down by Middletown residents at town meetings. Senator Edward Kennedy certainly sided with the conservatives last week in the rural middle of the state, where he is inherently weaker than resident Jimmy Carter, by opposing this venting plan at a



ally in Harrisburg, the State capital.

In contrast to Mr. Kennedy's proposed two-year moratorium on building nuclear reactors, Mr. Carter has made few bones that nuclear power development should go ahead with all deliberate speed—although in special Pennsylvania newspaper interviews this weekend he was stressing the safety aspect strongly.

Curious reports are circulating locally about the aftermath of the accident. Down at the Middletown police station, which has a radiation monitor and a fancy krypton gas gauge, a sergeant passed on rumours he had heard about animals mysteriously dying or still-born. A colleague clipped in with stories of fish in the Susquehanna mutating to enormous sizes since the accident. Most of this was designed to give outsiders' legs a gentle tug. A check at the meat shop revealed that the only recent

unexplained death was that of a skunk.

On the other hand, the state health authorities took seriously some reports that infant mortality and hyperthyroid conditions in newborn children had increased since the accident. Investigations have found nothing out of the ordinary so far.

But the state health department last week released a study noting "a surprising persistence" of anxiety among those living within five miles of the crippled plant. It showed they took more tranquillisers and drank more. The proprietor of Kupp's Diner strongly disputed this, adding that most Middletown people were sick and tired of hearing about "Three Mile Island."

As Mayor Reid pointed out, economic issues are uppermost in people's minds, even the minds of his troubled constituents. The President seemed acutely aware of this at his

press conference last Thursday, when he coupled his stern warnings to Iran with a separate reiteration of the measures he has taken to soften the impact of the coming recession on certain sectors.

But Mr. Carter had no comfort for the steel industry, a major force around Pittsburgh in the west of the state. Lay-offs in the industry are rising, and the Pennsylvania unemployment rate is nearly 8 per cent, nearly twice the national average. The industry can hardly blame the President for the slump in car sales which is reducing demand for steel, but they can, and do, take him to task for scrapping the "trigger price" system for imported steel at the end of March.

The Administration's argument was that, with U.S. steel filing a massive anti-dumping case against European competitors, the industry could not expect more protection—the

"trigger price." Not surprisingly, the industry did not see it that way.

This is one factor which has put the Senator well within striking distance of the President, who must carry the rural areas—where he tends to do well—to offset Mr. Kennedy's expected predominance in liberal Philadelphia, whose mayor has endorsed the Senator, and strong showing in and around Pittsburgh.

While the Democratic hierarchy in the state, such as it is, has split openly between its party's two candidates, the Republican establishment (including the state's two senators and governor), have sat on the fence. This neutrality of Pennsylvania's traditionally moderate Republican leaders seems to have aided Mr. Reagan in an area which otherwise would have seemed natural country for Mr. George Bush.

More important is the growing number of national Republican leaders who are rallying in the name of party unity behind Mr. Reagan. Particularly impressive was the endorsement on Sunday of Mr. Reagan by Senator Howard Baker, himself a candidate until late March, and a prominent moderate. For Mr. Bush, Pennsylvania has been the first primary in which he could face Mr. Reagan directly, without anyone else siphoning off the anti-Reagan vote. Mr. John Anderson is not on the ballot, and is in any case expected to launch his independent bid for the presidency this week.

Mr. Bush has also spent more time and money in the state than Mr. Reagan—by about two to one. For both Mr. Bush and Mr. Kennedy, today's primary is an important throw of the dice. Both are very near conclusive defeat. The term "crucial" is much overworked and attached to to many dates on the primary calendar.

Exxon in \$1bn Saudi chemical venture

By Anthony McDermott

EXXON-CHEMICAL ARABIA and the Saudi Basic Industries Corporation (SABIC) are on Saturday to sign an agreement for the establishment of a petrochemical plant in the industrial zone of Jubail on the east coast of Saudi Arabia. This project, in which investment will total \$1.1bn, will be jointly owned by the two organisations.

The petrochemical plant will produce 260,000 tonnes/year of low density polyethylene, SABIC has yet to evaluate whether the ethylene feedstock will be provided from an adjacent plant or produced within the SABIC/Exxon complex. The plant is due to be in operation in the second half of 1984.

Saudi Arabia's heavy industrial strategy has been to develop two zones in Jubail and at Yanbu on the Red Sea, based on crude oil and feedstock derived from associated gas drawn from the oilfields in the Eastern Province. There are at present some 15 large scale petrochemical, refining, fertiliser and metallurgical projects planned for these two areas.

SABIC was established in 1976 to help create downstream industries in Saudi Arabia based on oil energy resources.

The importance of this agreement is that it reflects increasing commitment by international companies to joint ventures with either SABIC or Petrochem, the Saudi state oil organisation.

Exxon, which owns Mobil, Texaco, and Socon 40 per cent shareholders in Aramco, the producer of 97 per cent of Saudi Arabia's oil.

Last month, Mobil concluded an agreement with SABIC for the establishment of a petrochemical plant at Yanbu.

Motor industry chief attacks closed markets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE EUROPEAN motor industry had a duty to protect itself against "one-way trade nations" which remained closed to imports while exporting substantial numbers of cars and components, Sir Barrie Heath, president of the UK Society of Motor Manufacturers and Traders, said yesterday.

In an outspoken attack, launched during the run-up to the Turin Motor Show in Italy, Sir Barrie specifically mentioned the Japanese and Eastern European industries, but he must also have had in mind Spain while still in a highly-protected local motor industry.

"Europe and other genuine free trade nations must be aware of the threat to our market and manufacturing industries from imports from such countries."

"It is not the role of the free trader to provide a one-way capital outflow to other industrialised countries."

"And, in a period of slack world car sales, however short, countries such as Italy and Britain and our EEC vehicle manufacturing partners have a duty to seek ways to protect their own industries and employment from unbalanced competition," maintained Sir Barrie.

"We must continue our pressure to open the doors to all overseas markets. Vigilance is necessary to ensure that products from other countries are not allowed to come onto our markets at unrealistically low prices."

Sir Barrie was less vehement

than in the past in his opposition to import controls on cars and components.

"In general, we do not wish to see import controls to protect our motor industry. We believe that competition is an essential spur to the development of better products and we are not afraid of strong and fair competition," he said.

Some countries remained all but a closed shop, even to Europe's most competitive and technologically advanced motor component companies. "The occasional token purchase of European components or technology, accompanied by a public relations fanfare, is no compensation for the flood of complete vehicles from behind closed doors of the one-way trade nations."

By coincidence, the major Japanese car companies yesterday did indulge in a fanfare of publicity about their import plans.

Toyota said it will increase imports this year by 90 per cent on the 1979 level from about 9,900 to 17,700. Nissan (the Datsun group) predicted a 50 per cent rise from 2,200 to 3,300, and Toyo Kogyo (Mazda) said it will increase purchases from the U.S. alone by 33 per cent from 1,900 to 2,500.

The announcements came on the eve of talks between Japanese and U.S. Government officials about car trade. These are expected to focus on ways of expanding imports of U.S. cars to Japan, including import duty and domestic tax cuts.

Leading producers plan joint research

BY KENNETH GOODING

CO-OPERATION within the European motor industry will be taken a significant step further if the European Commission approves an agreement signed by six of the leading manufacturers covering advanced, long-term technological research.

The companies involved are BL of the UK, Fiat of Italy, PSA, the Peugeot-Citroen-Talbot group of France, Renault of France, Volkswagen of West Germany and Volvo of Sweden.

They have formed a joint research committee to coordinate research into various aspects of energy, environment and new materials for motor vehicles.

The agreement, covering the manner in which the work will be organised and carried out

and how costs are to be shared, is currently being examined by the EEC authorities. The partners argue that their competitive position will not be altered since all final product development will be carried out individually and outside the cooperation project.

Areas of joint interest on which the research will be concentrated include such things as combustion technology, corrosion, surface treatment, motor vehicle batteries, quality control, computerised engineering methods and the properties of new materials.

The research work will be carried out within the existing research organisations of the partners as well as by outside institutions such as universities and research institutes.

Air NZ to replace DC-10 fleet with 747s

WELLINGTON — Air New Zealand is to buy five Boeing 747 jumbo jets to supplement, and eventually replace, its present fleet of McDonnell Douglas DC-10s.

Prime Minister Robert Muldoon announced after a cabinet meeting that the Government had approved the expenditure of NZ\$400m (£170m) for the Boeing 747s, and one Boeing 737.

Mr. Morris Davis, Air New Zealand's chief executive, said the decision to switch to Boeings was purely economic.

"We are satisfied with the design and the integrity of the DC-10," he said, but economically the returns on a Boeing were better.

Mr. Muldoon said the first of the new aircraft will be in operation some time next year. Air New Zealand has been

operating DC-10s since the early 1970s. Last November a DC-10 crashed while on a sightseeing flight in the Antarctic killing all 257 people on board.

The final evaluation of the two contending aircraft for the Royal Australian Air Force tactical fighter force—the McDonnell Douglas F/A-18 and the General Dynamics F-16—begins in the U.S. this week.

Patricia Newby writes from Canberra. Australia's evaluation team will spend 10 weeks looking at the aircraft, and will examine weapons systems, simulators and support requirements as well as operational, industrial co-production and contractual aspects. The study will enable the Government to decide on the 75 aircraft to replace the RAAF's Mirage fighter force.

Car worker cuts worry Congress

BY JOHN MAKINSON IN NEW YORK

THE INCREASING financial burden of supporting laid-off workers in the U.S. auto industry is causing concern within Congress.

Over 200,000 workers are already laid off, and it is possible that 500,000 could be eligible for financial assistance within a few months. The Labour Department has recently made 48,000 workers at 13 Ford motor plants eligible for the allowance, called trade adjustment assistance. Payments for the whole programme could exceed \$1.4bn in the fiscal year to

September 1980. This is \$1bn more than expected.

Under the support scheme, workers receive a cash payment equivalent to 70 per cent of their average weekly wage, in addition to unemployment benefit. The government also assists with job hunting, counselling and relocation.

In order to qualify for assistance, a plant must show that imports of competitive products are increasing, that sales or production is declining and that significant lay-offs or unemployment have been threatened or carried out.

The workers need not be laid off at the time that they become eligible but, one they have been accepted into the scheme, they can claim benefits as soon as they are laid off. Benefits last for one year.

Some Congressmen are arguing that, taken together with unemployment allowances and company-paid benefits, the Federal payments can boost the income of workers above their normal weekly wage.

They also say that because payments arrive weeks or months late, workers are often

back at work by the time they receive the benefit.

The scheme was introduced in April 1975, since when around 630,000 workers have become eligible for assistance. The main industrial sectors which have received help are automobiles, steel, electronics, footwear and clothing.

At present, however, the auto sector is receiving the lion's share of the aid. About 36,000 Chrysler workers were recently made eligible and applications are pending for a large number of General Motors employees, as well as a group of Ford components workers.

Brazilians plan new tax to discourage imports

BY DIANA SMITH IN BRASILIA

THE BRAZILIAN Government has decreed a 15 per cent tax on purchases of foreign exchange intended to finance imports. According to Sr. Ernane Galvães, the Finance Minister, the tax should counteract what he called "tremendous pressure on non-oil imports," which the Government hopes to limit to \$10.5bn (£4.7bn) in 1979.

Until late 1979, attempts were made to cool imports with a compulsory prior deposit of 100 per cent of their value.

This deposit, now abolished, did no more to discourage rapid growth of imports of capital goods, raw materials and finished products than did large or small devaluations of the cruzeiro, that in theory, were a cost deterrent. Many observers feel that the new tax will have as little impact.

Meanwhile, the \$1bn trade deficit for the first quarter has

been a psychological blow to the team headed by the Planning Minister, Sr. Antonio Delfino Netto, who is determined to balance exports and imports at \$20bn each—including an oil bill of up to \$10bn.

With the first quarter inflation running at 18 per cent, the Government has also decreed an increase in tax on short and long-term financial transactions; for long-term operations, the tax has been raised from 1 per cent to 6.9 per cent. This, the Finance Minister claims, will reduce overheated loan demand and lessen its inflationary impact.

There is also to be a 1 per cent tax levied on stock market dealings, while tax on insurance transactions has been doubled from 2 to 4 per cent. These measures, the Treasury says, will bring in Crs 150bn (£1.4bn) in added revenue.

Metal unions to decide today on return to work

BY HUGH O'SHAUGHNESSY

THE BRAZILIAN authorities face a day of decision in Sao Paulo as metal workers decide whether to return to their jobs after the arrest of their leaders and the takeover of their union.

Sr. Luis Inácio de Silva, leader of the 140,000-strong Sao Bernardo metal workers, was detained with some 12 other union leaders and members of the church's Justice and Peace Commission in dawn raids on Saturday by the Sao Paulo political police.

On Friday, the authorities took possession of the Sao Bernardo metalworkers' union. Amid some confusion in Brasilia over who ordered the arrests, Government officials blamed the work stoppages on "communist agitation."

But Turner writes from Sao Paulo: The options now open to the metal workers, who have

been on strike since April 1, have narrowed since the Government intervention in their unions on April 17.

They can either continue with their action, aware that it was declared illegal on April 14, that their leaders have been declared "out of office" by the Government and that their union headquarters are occupied by the police, or they can return to work.

The latter option is tantamount to an admission of defeat, and would not solve their grievances. They will receive a sliding-scale wage increase of up to 7 per cent for the lowest paid workers, but will not receive any pay for the duration of the strike.

Furthermore, the employers have refused throughout the strike to grant what represents the major demand from the unions, stability of employment.

Costa Rica will take all Cuba exiles

COSTA RICA has offered asylum to the 10,000 Cubans waiting to leave the Peruvian Embassy and appealed to Gen. Fidel Castro to let the evacuation resume immediately.

Agencies report from San Jose, Costa Rica.

Two ships have arrived at a Cuban port to collect refugees. The Communist Party daily, Granma, reported. A further 41 arrived by air in Madrid yesterday, while 300 more were to leave for Madrid later in the day.

Income tax move

The newly-elected Government of the Caribbean state of St. Kitts-Nevis will abolish personal income tax from May 1, to be replaced instead by a wide range of indirect taxation. Tony Ceizer writes from Bridgetown, Barbados. The move follows a similar one made by neighbouring Antigua four years ago. Government expenditure for the year is estimated to be \$C\$47.7m (£9.04m) and revenue \$C\$49.3m.

Honduras poll returns

The Honduran Liberal Party, ousted by a military coup in 1963, yesterday took a commanding 12,000-vote lead in elections for National Assembly that will be charged with bringing popularly elected rule. AP reports from Tegucigalpa.

Oil output down

Venezuela's oil production so far this year reached an average 1,996,400 barrels a day this week, down 9.67 per cent on the same period last year, the Energy and Mines Ministry said. Reuter reports from Caracas.

Philip Bowring in Hong Kong reports on the planned bus service to the mainland

East welcomes West along the highway to Canton

HONG KONG and China are being sewn ever more closely together. The latest stitch will be the start in August of a bus route between the colony and Canton, adding to rail, air and hovercraft links between the two cities.

Initially, the bus service will be quite a small operation but it reflects the beginning of the rapid growth of road links between the capitalist city state of Hong Kong and its communist hinterland.

In either freight tonnage or passenger terms, it will be some time before road becomes as significant as the rail link or rivals the air and hovercraft links in speed. But the greater flexibility of road transport, together with China's apparent ambitious plans to build a four-lane highway from Canton to the Hong Kong border, suggests that the roads will be important threads joining the two political bodies.

Meanwhile China is also reported to be considering the electrification of the railway from the border to Canton to connect with the railway electrification now underway on the

Hong Kong end of the Kowloon-Canton railway.

There is scepticism that China can afford two such major undertakings as a 100-mile highway and the railway electrification, which together would cost several hundred million dollars. But the fact that both are apparently being considered simultaneously is a clear indication of the importance China attaches to transport links as a way of facilitating the Hong Kong-assisted industrialisation of the area between Hong Kong and Canton and to providing China with better access to Hong Kong's container port facilities.

According to Mr. Alan Armstrong-Wright, Hong Kong's Transport Commissioner, who visited Canton last week, China plans to build a surfaced road 12 metres wide (widening to 18 metres nearer to Canton). At present there is only a 7 metre-wide gravel road, interrupted by two ferry crossings. The journey from central Hong Kong to the middle of Canton takes between 81 and six hours compared with only three hours by train. Initially there will be a four

times a day each way bus service. It will be owned by a combination of the Canton Provincial government, the Peking-owned, but Hong Kong-based, China Merchants Steam Navigation, and the British group, Incheape.

It is expected that services will be expanded to reach other towns and cities in both Canton and neighbouring Fukien Province, currently not directly accessible from Hong Kong.

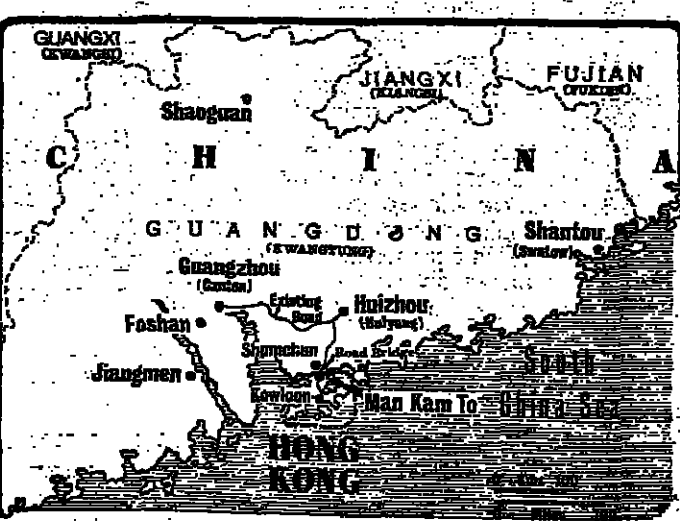
The big growth area in road traffic is in freight, not passengers. At present about 700 vehicles a day each way cross the road bridge at Man Kam To. About two-thirds of the journeys originate in the Shumchum area close to the border which is a source of both food for Hong Kong and the site of a new industrial zone.

Freight carried is less than 10 per cent of the 2m tons a year carried by rail across the border. But this compares with almost nothing a couple of years ago and the advance is expected to continue to expand rapidly, without a new highway to Canton. Vehicles engaged in the traffic must be licensed in both Hong Kong and China.

From Hong Kong's point of view, that obviates any need for haggling over matters such as insurance. In practice almost all the vehicles originate from Hong Kong.

The initiative for the road links has come from China rather than Hong Kong. China wants to both sell more into Hong Kong, and increase the attractions of the Shumchum industrial estate for Hong Kong investors. The Hong Kong Government has been rather concerned about the potential security problems in the area. It has been worried that heavy road traffic would provide a new opportunity for illegal immigration. For the moment Hong Kong wants to restrict passenger traffic to a limited number of bus journeys.

The border crossing is only open 10 hours a day, closing early in the afternoon to normal traffic, to allow for the repatriation to China of captured illegal immigrants. To facilitate passenger movement, however, Hong Kong will set up a customs and migration post at Man Kam To. At present, border movement is handled by the



police on an informal ad hoc basis.

There has been no discussion so far of access for private cars from Hong Kong into China. However, in the longer run, Hong Kong residents are hoping to be able to ease their claustrophobia by driving into China for weekends. China has been facilitated by new road links close to the border which would

plans 2 tourist developments. At present, the Man Kam To bridge is the only road link to others could readily feed into the dirt roads on the Chinese side, believed adequate for light traffic. On the Hong Kong side of the border, major road schemes are already in and will not be affected by the development of trans border traffic.

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Have you noticed how luxury, like beauty, is often only skin deep?

If you're easily seduced by thick carpets and comfy seats, there are any number of 'luxury' cars to choose from.

If, however, you believe there's more to luxury than meets the eye (or for that matter, the posterior), the list of candidates rapidly shrinks.

Two cars that bear closer scrutiny are the Vauxhall Royale Saloon and Royale Coupé.

Their distinctive looks owe as much to the science of the wind tunnel as to the art of the designer.

Both cut through the air with the minimum of turbulence and, as a result, with minimal wind noise.

A tapered, sloping bonnet and, below the bumper, an air dam reduce aerodynamic lift at speed and underline

the cars' remarkable stability and impressive roadholding.

Even the door mirrors are specially contoured to deflect spray and dirt away from the side windows.

Road noise, too, is suppressed not just by layers of insulation, but by the suspension itself.

Springs and shock absorbers, for example, have been

Luxury is built in, not bolted on.

mounted closer to the wheels than is customary.

They react faster and more effectively to the smallest movement and successfully iron out those irritating small bumps that can be so intrusive.

While the bodywork itself has a natural resonance too high to be excited by road vibrations.

The engine, a silky 2.8 litre 140 bhp six-cylinder unit, is additionally steadied by two diagonally positioned hydraulic dampers for further smoothness.

And automatic transmission is, of course, standard on both cars (with manual available at no additional cost).

Inside, the Royale is one of the few cars that allows the driver to achieve not just a good driving position, but the ideal one.

You can adjust the driver's seat for height, as well as for reach and rake and the steering wheel is tiltable.

As you'd also expect, the steering is powered.

Examine a Royale at your nearest Vauxhall dealer, and don't simply be seduced by the lavish specification.

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VAUXHALL
ROYALE

UK NEWS

● NEWS ANALYSIS—RAYMOND HUGHES ON CROWN PRIVILEGE

Lords to rule on mortgage issue

By Raymond Hughes, Law Courts Correspondent

RANKS, building societies and others who lend money on the security of residential property will be affected by the outcome of an appeal that began in the House of Lords yesterday.

The Law Lords are being asked to rule whether, when lending money to a man on the security of his home, a mortgagee must obtain the wife's consent to the mortgage, even when the husband is the sole registered owner of the property.

Williams and Glyn's Bank is appealing against the Appeal Court's refusal in March last year to grant the bank possession orders in respect of the homes of two businessmen who had failed to repay loans advanced on the security of their homes.

The bank's claims for possession had been contested by the men's wives on the ground that they had a beneficial interest in their homes which protected them against eviction. Neither wife had been consulted by her husband or the bank before the mortgage was granted.

Lord Denning said in the Appeal Court that anyone who lent money on the security of a matrimonial home should realise that the wife might have a share in it. It was wrong for a mortgagee to turn a blind eye to a wife's interest and afterwards seek to evict her.

Mr. Donald Nicholls, QC, for the bank told the Law Lords that the case had far-reaching implications and was important both to those who lent money on the security of residential property and to everybody who bought a house.

The hearing continues today.

Giltspur bid to exploit electronics

By Elaine Williams

GILTSPUR, THE industrial services group, has set up a new division in its engineering company to enter the growing microprocessor applications market.

Based in Newbury, the new division, called Giltspur Microprocessor Systems, will provide consultancy and design services for companies in areas such as process control, aerospace and civil engineering.

Lonrho's last chance to win disclosure battle

THIS WEEK Lonrho, the multinational conglomerate, will embark on its final bid to compel disclosure of documents it says are crucial to its multi-million pound damages claim over alleged Rhodesian sanctions-busting.

Lonrho will ask the House of Lords tomorrow to overrule decisions of the High Court and Court of Appeal that two categories of documents cannot be produced: those belonging to the South African, Mozambique and Rhodesian subsidiaries of Shell and BP, two of 29 oil companies being sued by Lonrho; and evidence and submissions by Shell and BP to the Bingham inquiry into sanctions-busting.

It was on the latter claim that Lonrho came up against the doctrine of Crown privilege, the Government having declared that disclosure of the Bingham documents would be contrary to the public interest.

Lonrho is not the only company to fall foul of the doctrine recently. *Burmah Oil* has twice failed to obtain production of documents it said it needed if it was to get justice on its pending claim that an "unconscionable bargain" was imposed on it by the Bank of England when the bank bought Burmah's stake in BP at what

Burmah contends was an undervalued.

In *Burmah's* case the documents were Whitehall papers passing within or between Government departments. The House of Lords upheld a Crown-privilege claim in respect of one set of documents. A High Court judge later ruled against Burmah in respect of others and it is understood that the company does not intend taking the matter further.

Neutral

Burmah's case was distinguished from Lonrho's by the fact that the bank adopted a neutral stance on disclosure, leaving Burmah to fight the Crown. Lonrho is opposed by Shell and BP as well as the Crown in the person of the Attorney-General.

Crown-privilege—or public interest immunity—is the rule of law under which disclosure of documents as evidence in legal proceedings may be precluded if the disclosure would be contrary to the wider public interest.

The rule dates from when Crown and Government were effectively indistinguishable. It was long recognised as a special privilege of the Crown, parallel

to the Crown's right not to be sued. Both rights were deeply embedded in the Common Law. It was not until the 1947 Crown Proceedings Act that it became possible for the Crown—i.e. the Government or a Government department—to be made a party to litigation.

The Act also laid down how a privilege claim was henceforth to be made: by a Minister or senior civil servant, who had formally to certify that production of certain documents would not be in the public interest.

However, it was not until the case of *Conway v Rimmer* reached the House of Lords in 1968 that it was authoritatively established that the rule was not based on any privilege of the Crown and, indeed, that the term "Crown privilege" was misleading.

Justice

The proper basis was held to be the public interest in the non-disclosure of certain material otherwise available, hence the present designation as "public interest immunity".

The principle was also established in *Conway* that a claim to such immunity could be tested and, if deemed appropriate, rejected, by the courts.

The Law Lords decided that the Minister's view was not final; that it was for the court to weigh the two public interests involved: the need for the immunity and the need that all relevant evidence should be before the court if justice were to be done.

In the 19th century it was maintained, with some success, that the prospect of disclosure of Government documents would inhibit the desirable candour of those involved in decision-making.

By the time of *Conway v Rimmer* that view was regarded as having little, if any, weight, and to be of doubtful validity.

But in his judgment in *Conway*, Lord Reid still felt able to declare that "I do not doubt that there are certain classes of documents which ought not to be disclosed, whatever their contents may be. Virtually everyone agrees that Cabinet minutes... ought not to be disclosed until such time as they are only of historical interest."

But I do not think that many people would give as the reason that premature disclosure would prevent candour in the Cabinet.

For Lord Reid, the most important argument against disclosure was that it would "create or fail ill-informed or

capricious public or political criticism." The business of government, he went on, was difficult enough as it was, and no Government could "contemplate with equanimity the inner workings of the Government machine being exposed to the gaze of those ready to criticise without adequate knowledge of the background and, perhaps, with some axe to grind."

Eleven years later, in the *Burmah Oil* case, a marked change of attitude was discernible among the Law Lords. Lord Keith of Kinkaid felt that, in extreme cases, even "the most sensitive communications at the highest level" might have to be produced.

Exposed

"There can be discerned in modern times a trend towards more open Governmental methods than were prevalent in the past," he said, adding that it was for Parliament and not the courts to say how far that trend should go.

If it were to be publicly recognised in a public interest immunity case that justice had been done, it might be necessary for the inner workings of Government to be exposed to the public gaze.

"There may be some who would regard this as likely to lead, not to capricious or ill-informed criticism, but to criticism calculated to improve the nature of that working as affecting the individual citizen."

In the same case Lord Scarman commented: "Is the secrecy of the inner workings of the Government machine... so vital a public interest that it must prevail over even the most imperative demands of justice?"

Is the contents of a document concerning the national safety, affect diplomatic relations or relate to some State secret of high importance, I can understand an affirmative answer. But if they do not, what is so important about secret government that it must be protected even at the price of injustice in our courts?"

Nevertheless, Lord Keith and Lord Scarman joined their fellow Law Lords in dismissing Burmah's appeal on the grounds that the documents at issue contained nothing of sufficient relevance to make their disclosure necessary if Burmah's action was to be fairly dealt with.

In Lonrho's case the Court of Appeal took the view that the public interest to be protected

was the desirability that future Government-instituted inquiries like Bingham should not find important witnesses reluctant to give their full and frank co-operation for fear that their evidence might later be made public in litigation.

Lord Denning said that Shell and BP had been assured that their evidence would be confidential and that it was of the highest public interest that that confidentiality should not be broken by "specious argument."

Standards

Lord Justice Willes said that great harm would be done, not only to future inquiries but also to political standards of behaviour if confidentiality were broken.

It is against that background, and those judicial views, that Lonrho will make its final plea to the Lords. Willes will not be a disaster for the company. Shell and BP have already disclosed something like 180,000 documents which, in Lord Denning's view at least, should be ample to establish whether or not, as Lonrho alleges, the oil companies engaged in sanctions-busting in conspiracy with the then illegal Rhodesian regime.

Metal Box to invest £15m in can plant at Carlisle

By Lisa Wood

METAL BOX, the largest can producer in the UK, is to invest £15m in a plant to use different raw materials in a switch-over period of three to four days.

The plant, at Carlisle in Cumbria, will use either tinplate or aluminium for making two-piece 16 oz beer cans.

Metal Box said that, as far as it knew, the "swing-line" was the first capable of the technical

changes to use either material in such a short period.

During the steel strike, Metal Box was embarrassed by its dependence on British Steel tinplate and had to seek emergency supplies from abroad.

The new facilities should start production in the winter of 1981-82 and will be built next to a beer can plant making three-piece cans.

The company said it would phase out some three-piece lines, but the 770 staff would work in the new plant.

The 16-oz beer can has been one of the UK's fastest growing markets. In the 1970s it was estimated the industry achieved 16 per cent growth per annum. Metal Box, which has about two-thirds of the beer can market, hopes the new plant will increase its market share.

Coral in talks on U.S. venture

By Andrew Fisher

CORAL LEISURE GROUP is holding talks with its U.S. Partner, Hardwicke Companies, this week on whether the British company should continue to participate in a major casino and hotel venture in Atlantic City, New Jersey.

Hardwicke's chairman and chief executive, Mr. Charles Stein, is in London for talks with Coral, whose four London casinos were raided by the police last November.

The police action against Coral has already held up the financing of the project.

Coral owns a 20 per cent stake in Hardwicke, whose other partners in the venture are CDI Corporation and John Best Associates. So far, about half of the \$120m (£55m) financing for the project has been raised.

Mr. Stein said yesterday that other companies in the U.S., Europe and South Africa had expressed interest in joining the project if Coral, which would also manage the casino/hotel complex, did pull out.

Under the original agreement, the UK group would play a key management role in the project. If Coral withdraws, its 20 per cent stake in Hardwicke would probably be sold to any new member of the consortium, said Mr. Stein. But no serious talks had yet been held with other potential participants.

He said the Casino Control Commission was keenly interested in Coral's situation, but is not making any decision as to its acceptability in Atlantic City until it has more facts. Charges have been laid against several Coral officials and employees since the raids.

Coral's problems with its casino follow those of Ladbroke Group, which has had to close three clubs in London. Hearings on the application by the police and the Gaming Board to have the licence of the fourth, at the Park Tower Hotel, cancelled, are now due to start on April 29.

EAST MIDLAND PRESS EXPANDS

East Midland Allied Press has purchased Falford, which owns seven retail newspaper shops in the East Midlands area.

The consideration paid was £342,153, satisfied by the payment on completion of £192,153 cash and the issue of 200,000 "A" ordinary (limited voting) shares.

Industry's net borrowing reaches record £6.3bn

FINANCIAL TIMES REPORTER

THE NET borrowing of UK industrial and commercial companies was £1bn lower at £2.7bn in the second half of 1979 than in the first half. But this leaves net borrowing in 1979 as a whole more than two and a half times greater than it was in 1978.

After allowing for inflation, the £6.3bn borrowing requirement was marginally higher than the previous record of £6.1bn in 1974.

The figures, released by the Central Statistical Office yesterday, have been adjusted by £1.4bn to take account of higher

VAT collected but unpaid, and delays in the payment of telephone bills.

Net borrowing in the second half of the year was financed mainly by borrowing from banks, although this fell 38 per cent from the previous six months.

Borrowing from other sources, at £0.3bn, was £1.4bn lower, and acquisition of liquid and other financial assets, at £0.4bn, was £1.6bn lower. This is mainly explained by exceptionally large figures in the second quarter of the year.

Undistributed income of industrial and commercial companies in the second half of 1979 was £500m lower than in the previous period, due mainly to the sharp rise in dividends—mainly by oil companies—which increased 70 per cent to £2.5bn.

Total income of companies in the second half of the year was £17.3bn, against £15.8bn in the previous six months. Measured by their net acquisition of financial assets, industrial and commercial companies are judged to have had a deficit of £2.4bn in the second half of 1979.

Low demand hits British Steel

By Roy Hodson

A SLOWDOWN in demand for steel is causing concern throughout the EEC and is likely to impede the British Steel Corporation's recovery following the three-month strike.

Total EEC steel output in March was 9.4 per cent down on the same month in 1979, according to new figures from the International Iron and Steel Institute.

The institute view is that the fall indicates "the beginning of a slowdown" in spite of the abnormal reduction of output in Britain during the period due to the steel strike.

The new 10,000 tonnes-a-day British Steel blast furnace on Teesside has begun making saleable iron again well ahead

of schedule. But the corporation now fears that depressed demand for steel will start to constrain its production quite soon.

The EEC steelmakers produced 11.48m tonnes of steel in March compared with 12.63m tonnes in March, 1979. During the first three months of this year production in the EEC has been running at more than 5 per cent below the levels of a year ago.

Steel production throughout nations in the western world so far this year is running at about 1 per cent below the levels of a year ago. Demand slackened noticeably in March and overall production fell by

nearly 5 per cent in the month, compared with a year earlier.

Both the U.S. and Canada have registered sharp reductions in output compared with March, 1979. One of the few increases in steel production by a national industry was in Japan where output rose by more than 3 per cent in March.

Adviser for Merseyside

MR. ROY EARNSHAW, an adviser to the British Overseas Trade Board, has been appointed London office economic adviser to Merseyside County Council.

1979 - A year of Substantial Achievement for The British National Oil Corporation

In 1979 BNOC moved out of its initial development phase and began to contribute substantially to the nation's wealth.

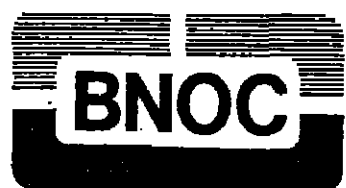
In 1979 BNOC:

Made a profit before tax of	£75 million
Produced and sold oil and gas worth	£265 million
Made total sales including participation oil of	£3,245 million
Increased its offshore exploration and development expenditure to	£221 million

Since it was established in 1976 BNOC has spent over £1,000m in exploring for and developing Britain's oil reserves. By the end of 1979 it was no longer drawing Government funds to finance its development, and it is now a large and growing net contributor to the Exchequer.

BNOC now employs over 1,400 people—85% of them in Scotland. The growing scale of its activities—production from the Thistle field, construction of Beatrice, including a shore terminal at Nigg Bay, investment as partner in 7 other fields, and increasing exploration and appraisal—ensures continuing challenge and opportunity in Britain's national oil company.

Copies of the Corporation's Annual Report and Accounts are available from: The Secretary, The British National Oil Corporation, 150 St. Vincent Street, Glasgow G2 5LJ.



The British National Oil Corporation

Islamic works of art go well

DEMAND FOR Islamic works of art is not what it was, but now that both vendors and salerooms are more cautious in their reserves the sales can go quite well.

Sotheby's began its annual spring series of auctions yesterday with another collection of items from the Hagop Kevorkian Fund and, because of their good provenance, all but one per cent sold for a total £243,963.

The top prices, however, were for two Indian Mughal miniatures of the early 17th Century. These are collected in the West rather than by Middle Eastern buyers. Significantly, Spink paid £17,000, well above forecast, for a miniature of a holy man listening to an archangel, and Colnaghi £16,000, double the forecast, for a ruler receiving a delegation.

An Iranian dealer bought an illustrated Bukhara manuscript

Katib, sold for £4,800.

A Chelsea group of Tyrolean dancers, modelled by Joseph Williams after the Meissen original by J. F. Eberlein, dated 1701, sold anonymously for £19,000 at Christie's yesterday in a sale of English porcelain which totalled £121,245.

Winifred Williams, the London dealer, bought a Derby yellow ground cabinet cup and saucer painted by George Compton, for £4,200 and paid £4,000 for similar item of the same period—about 1790. A Chelsea white acanthus leaf moulded pear-shaped jug with simulated bamboo handle, of about 1774, when for £3,900, also to Winifred Williams.

SALEROOM

By Antony Thorncroft

Reaction to lease order planned

By John Moore

LAWYERS for Lloyd's of London underwriters are planning the next round in their campaign to resist £23.6m (£10.6m) computer leasing insurance claims made by Federal Leasing of the U.S. after a setback in the U.S. courts last week.

The lawyers have studied a 35-page opinion and judgment by Judge Alexander Harvey, a U.S. district judge, in which he ruled that Federal Leasing, a computer leasing company, was entitled to a preliminary injunction. The judge ruled that underwriters comply with terms of an agreement drawn up in March 1978.

Under the agreement, underwriters would honour claims and pay them across to Federal Leasing's backers, which had staked its operations and participated in leasing schemes.

In return, Federal agreed to pay across to underwriters

proceeds from remarketing computer leasing equipment traded in by customers.

The computer leasing insurance scheme involved other leasing concerns and is expected to produce the largest series of losses in Lloyd's history—more than £156m. It protected leasing companies against customers terminating their leases before the contract date. If they did, the company could claim on its insurances and cover obligations to its backers.

New IBM models came on to the market in the late seventies accompanied by large price cuts on existing equipment and leasing companies found their customers traded in existing models earlier than the contract date. So the leasing companies claimed on their insurances.

In his opinion, Judge Harvey said underwriters have argued that Federal Leasing misrepresented the facts concerning some

transactions because "when some of the cover notes were issued, Federal Leasing was aware of circumstances which would have caused the users to cancel."

Judge Harvey said "this argument is inherently implausible. Federal Leasing would have little to gain and much to lose if it entered into a transaction knowing or believing from the outset that the user (of the equipment) intended to exercise its right of early termination."

He said Lloyd's underwriters, being sued by Federal for payment of claims, assert the initial policy was void from inception "because of misrepresentations made by the plaintiff at the very outset" and that £15m claims already paid "have been improperly paid."

It strains credulity to believe that the misrepresentations claimed, if in fact they existed, could not have been discovered during the five years from 1974

(when the first of the policies was issued) and 1979, when the suit was filed."

The judge said that between September, 1974, and August, 1978, underwriters declined new business, while thoroughly and extensively reviewing the new class of business and underwriting risks involved.

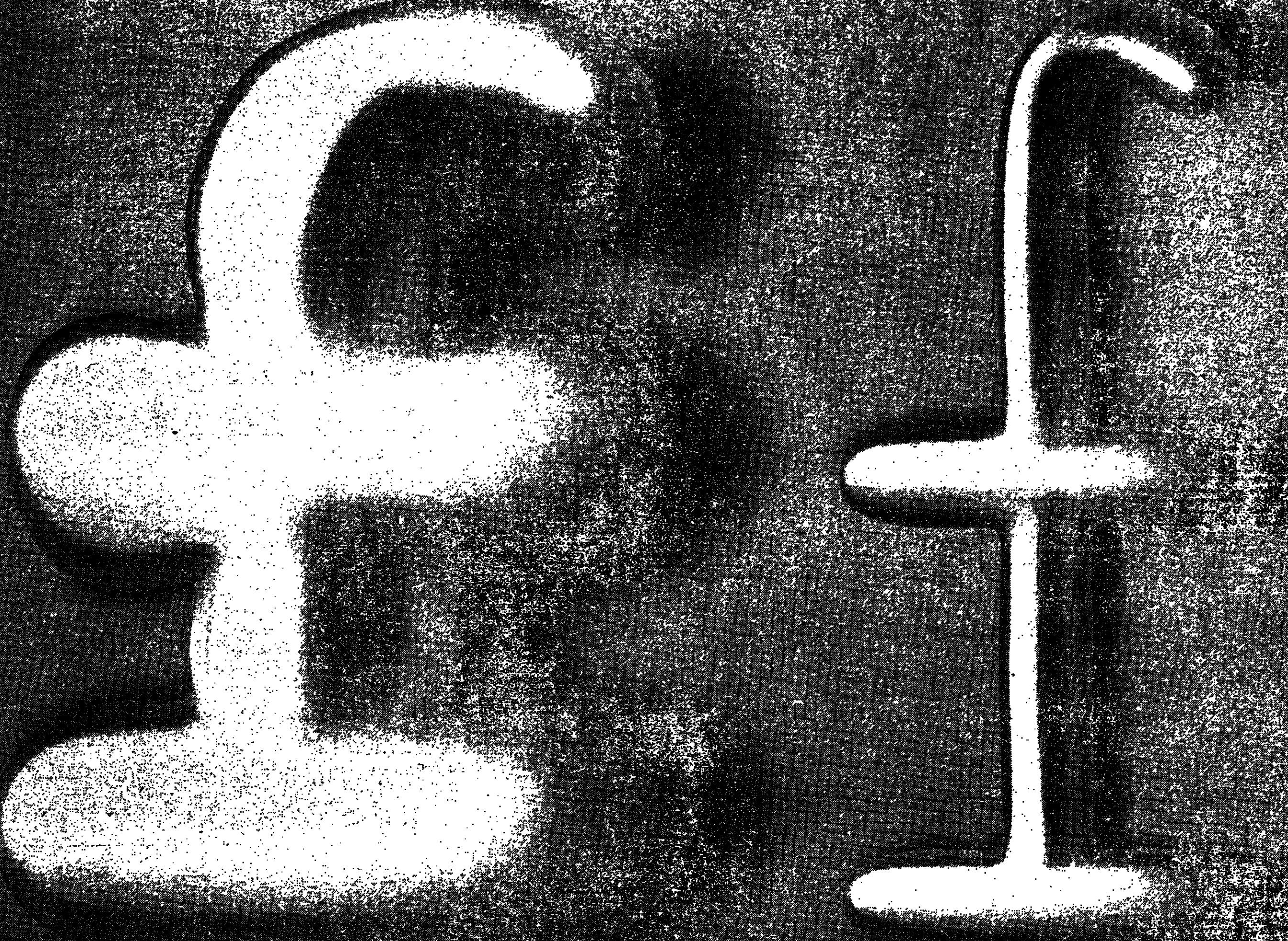
"Not once was it suggested that the basic policy issued to Federal Leasing was the result of fraud."

The judge said the processing in good faith of certain claims may disclose that they should not be paid by underwriters. Further investigation may be necessary.

"If sound reasons exist for declining to pay a claim, underwriters would not be required to make the payment in question."

Lawyers for Lloyd's and Federal are attempting to agree an order for implementation of part of the injunction.

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GLOOM IN GOLD BUT A SILVER LINING AS BULLION PRICES DROP

Jewellers' six-year boom is over

BY DAVID HOLMES

THE RECENT boom in gold and silver prices has hit trade in new jewellery so badly that manufacturing goldsmiths are now in very serious trouble, with three-day and even two-day waits almost universal, and lay-offs and part-time working widespread.

The amount of gold and silver jewellery submitted to British assay offices for hallmarking fell in the first quarter of this year to its lowest level since 1974, and the weight and number of articles was nearly half the comparable figure for the first quarter of 1979.

The assay offices in London, Birmingham, Sheffield and Edinburgh hallmarked 4,058,951

articles of gold, silver, and platinum in the first three months of this year.

The offices are working considerably under capacity, and the Birmingham office is still inactive because of a strike over 43 redundancies caused by the shortage of work.

The high and fluctuating price of gold and silver has made retail jewellers reluctant to take in new stocks and risk losing money on a fall in the price.

The gold and silver boom peaked during the height of the retail sales season, and retailers were thus able to rely on existing high stocks pending a stabilisation of prices.

But although prices have fallen considerably — gold peaked at around \$850 per ounce and is now down to around \$600; silver is down to \$22.5 from a high of just under \$25 — they are still extremely volatile and changes in either direction are virtually impossible to predict.

Retailers are still reluctant to invest in large stocks. H. Samuel, Britain's largest retail jeweller, described the trade as "nervous." Consequently, demand for the products of manufacturing goldsmiths and silversmiths has fallen sharply.

Mr. John Najmamm, a partner of Fred Manschaw, one of the largest manufacturing gold-

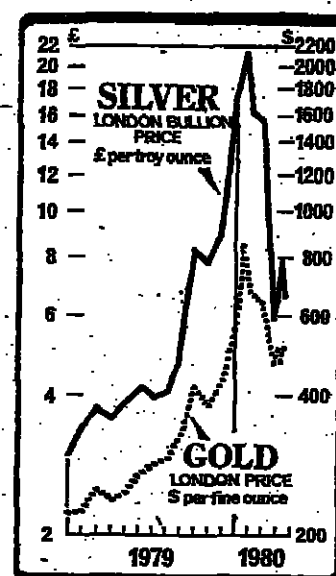
smiths in the country, is pessimistic about the future, even if metal prices stabilise.

"There is not a single manufacturer who is not on a three-day wait," he said. Dismissals were becoming widespread, and with April, May and June traditionally the slackest part of the industry's calendar, things would only get worse in the immediate future.

Mr. Najmamm said the problems were exacerbated by the fact that the industry had enjoyed a boom over the past six years, with output rising steadily from 1974 to November of last year.

During this period many small firms had joined the market and sold as much as they could pro-

duce. Such firms were now in a particularly difficult situation because, unlike larger companies, they could not rely on assistance from retail traders.



TROOPS at the Tower of London fire a 62-gun salute to celebrate the Queen's birthday.

The salute yesterday, under the command of Major Tim Lloyd Davies, was fired by III Squadron, Honourable Artillery Company, of which the Queen is Captain General.

The part-time soldiers, who belong to Britain's oldest regiment, undertake ceremonial duties in the City of London, as well as training for operational service with the British Army of the Rhine.

In a private ceremony before the salute, representatives of the Royal Artillery made a presentation to mark the 900th anniversary of the White Tower. General Sir

Retail film prices unlikely to fall

BY ELAINE WILLIAMS AND LISA WOOD

RETAIL PRICES of photographic materials are unlikely to fall despite the dramatic drop in the price of silver in the past few weeks.

The photographic industry is the second largest user of industrial silver, consuming 25-33 per cent.

In early 1979 silver sold for between £2 and £3 per troy ounce. In January this year the price climbed to nearly £22 per ounce. Manufacturers of photographic materials, after absorbing the price increases for some months, announced in the New Year rises in the cost of their films and photographic paper of up to 30 per cent.

Despite the latest fall in price to between £6 and £7 an ounce there has been no attendant reduction in the price of films and photographic materials.

Kodak, which announced price rises of between 10 and

30 per cent in January, said this week: "During the latter part of 1979 and the early months of 1980 we experienced unprecedented increases in the costs of many raw materials, particularly silver. As a result of these increased aggregate costs the prices of our products were increased. Subsequently the price of silver has dropped. The latest price is still well above the £2 to £3 per ounce for which silver was sold in early 1979."

Impact

"It should now be emphasised that while important, silver is only one component of our aggregate costs and the costs of other raw materials and general costs of doing business must also be considered. It is reasonable to expect that if our costs in the

aggregate change dramatically, then the impact, either up or down, will periodically be reflected in our prices."

Kodak like other manufacturers in the industry, is unwilling to alter prices until a longer view of the state of the silver market can be safely predicted. Iford, which increased its prices between 20 and 60 per cent depending on the silver content of the product, said: "Silver will have to stay at a stable level before we can adjust prices."

Agfa Gevaert, which markets but does not manufacture photographic materials in the UK, said that because silver's price had dominated its thinking so much if late it was only now fully costing-in the latest prices of other raw materials — particularly oil. Any price adjustments would have to take account of rises in these other raw materials. But Agfa has in the past

few days reduced prices of X-ray materials by up to 10 per cent. X-ray materials, with one of the highest silver contents, rose in price by up to 70 per cent this year.

Manufacturers report a slight fall in trade from hospitals, but say any real decrease in the use of X-ray materials can only be ascertained during the next year. This is because some hospitals stockpiled supplies when increases were announced.

Kodak has been encouraging hospitals and other large users, to either recycle the silver themselves or to use services provided by specialist silver recovery services. In 1978 60 per cent of the world's silver was derived from primary sources while the remainder was recycled. The photographic industry is worried whether the consumer will buy fewer films as a result of the increases.

who are anxious to protect their suppliers.

Mr. Najmamm thought trade would not recover to its previous level, even if gold and silver prices stabilised, because retailers would tend to concentrate on the value of their sales more than the volume. He believed British manufacturers had roughly twice the capacity they would need in the future.

Relinking Irish grids 'could save £3m a year'

By Our Belfast Correspondent

RECONNECTION OF Northern Ireland's electricity grid with that of the Republic would save about £3m a year on fuel, the province's economic council said yesterday, in a report on energy conservation.

An interconnector between the province and Britain would yield bigger savings, but require much greater capital expenditure.

There was a strong case, for example, of connecting Northern Ireland's system with those of both Britain and the Republic, said the report.

The Government has already agreed that the Northern Ireland Electricity Service should again try to link with the Republic. The interconnector was damaged by Provisional IRA bomb attacks in 1975 and, since then, attempts to repair it have been thwarted by terrorist activity.

The report recommended further study of energy-saving methods, including the use of waste heat from power stations for district heating, horticulture or fish farming, and establishment of a bottle bank and glass-recycling scheme to make glass fibre insulating material.

New safeguard against raiders

A BULLET-PROOF steel shutter system designed to thwart armed robbers at banks and other premises will be introduced to Britain later this month.

The deterrent, which has already foiled 80 armed robberies in France and Ireland, is the result of a joint venture between a French and a British firm.

It is expected that the system will be installed at the Third Airport in London.

Trusthouse Forte

In yesterday's article on the Queen's Awards for Export, Trusthouse Forte's activities mistakenly listed as motels and catering instead of hotels and catering.

'Folly of a high order' to block Belvoir plan

FINANCIAL TIMES REPORTER

BLOCKING the development of the Vale of Belvoir coalfield would be "folly of a high order," said Mr. Robert Alexander, QC, for the National Coal Board yesterday in the closing stages of the Belvoir inquiry.

Mr. Alexander said the evidence available led to the irresistible conclusion that the Coal Board's applications to win more than 500m tonnes of coal from three new mines should be approved.

The arguments in favour of development were compelling: the growing worldwide demand for energy, the indications that supplies of oil and gas would become inadequate, and a vulnerability of OPEC oil supplies because of political upheaval.

Mr. Alexander said: "The last year has shown, the consequences of such upheaval in Iran, and during the course of the inquiry there have been tremors in Saudi Arabia."

"Moreover, even where there is no dramatic interruption of supplies there is always the

power—which is used from time to time—for a country to go back on supplies where it serves the perceived interests of that country."

He added: "It is perhaps not surprising that there is remarkable harmony between those who have any responsibility for managing economies and formulating policy that there is an urgent need for a vigorous energy policy. This embraces greater conservation and the production of more coal. All these are complementary to each other."

In support of his arguments Mr. Alexander quoted statements by past and present governments, the EEC, the International Energy Agency and the industrial nations at the Tokyo summit.

"It is because everybody with responsibility is so clear the need for coal exists that we feel bound to comment, somewhat critically, as to the reasons which have impelled Leicester-shire County Council and the Alliance to challenge the blatantly obvious and so extend

the time taken over the inquiry and increase its expenditure. Mr. Alexander argued that big increases in productivity could only come from new mines. He said objectors would have the industry "grunting around in odd corners for small quantities of uneconomic coal."

Opponents, he said, consistently argued that demand for coal would fall but "uneconomic pockets of it would become economic."

Mr. Alexander accused certain objectors of castigating the Coal Board's proposals in such extreme terms as to destroy the whole credibility of much of the opposition.

He quoted the advocate for Melton Borough Council, Mr. Gilbert Gray, QC, as saying that "a heavy industrial revolution would curtail the Vale of Belvoir and sweep into history all that we think that is finest and best in the English shire."

Mr. Alexander said the statement was worthy of an Elizabethan actor-manager's declamation to his groundlings, but bore no relation to the reality of the case.

Maplin backed as London terminal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

REVIVAL OF the Maplin off-shore site for the proposed Third London Airport has been urged by the Town and Country Planning Association.

The association, in a policy statement yesterday, said it "would gladly endorse any application by private interests to build an airport at Maplin."

It is opposed to the development of Stansted as the Third Airport for London.

The association argues that an airport at Maplin would be a "Godsend to London," helping the economic revival of the East End of the metropolis.

"If, as seems possible, a sea-pond were added to this urban region so much the better."

In effect the association is seeking the revival of the overall Maplin plan for both a major airport and a new seaport to replace the existing docks at Tilbury, which was cancelled by the Labour Government in 1974.

Mr. David Hall, director of the association, said yesterday that "future generations will never forgive us if the Third London airport goes to Stansted. The association wants the airport at Maplin because it will provide massive economic

and environmental benefits, including the only hope of ever reducing the pressure on existing airports."

The association argues that the recent Government reports on the siting of the third airport "suffer from exactly the same inadequacy as the inter-departmental committee which originally recommended Stansted in the mid-1960s."

"The latest studies expressly take little account of the indirect urban consequences of any airport and thus the proceedings of a private (virtually a secret) inquiry have failed to elucidate the planning context of an airport."

The association is calling for a wide-ranging inquiry, preferably based upon a planning application for an airport at Maplin, rather than on the proposed development of Stansted, for which a public planning inquiry is expected to start later this year.

Such an inquiry, says the association, should scrutinise air traffic demand forecasts, the energy costs of aircraft, licensing policy, and above all "the kind of London that this airport is meant to serve."

Briton to head joint UK-Japan air venture

By Our Aerospace Correspondent

MR. ASHLEY RAEBURN, a vice-chairman of Rolls-Royce, was yesterday appointed the first chairman of the newly-established joint UK-Japan Rolls-Royce and Japanese Aero-engines.

The company has been formed by Rolls-Royce and the three main Japanese engine companies, Ishikawajima-Harima Heavy Industries, Kawasaki Heavy Industries and Mitsubishi Heavy Industries, to develop and manufacture the new RJ-500 engine of 20,000 lb thrust for the next generation of short-to-medium range jet airliners.

Work on the new engine is already under way in both Japan and at the Bristol factory of Rolls-Royce.

There is no order for the engine, but a number of likely uses are being explored by the new company, including the possibility of it being used by Boeing in a new version of the 737 short-haul jet, and by Lockheed in a new version of the proposed new F-29 short-range jet.

Machine tool prospects improve

BY LORNE DARLING

BRITAIN'S BIGGEST-EVER machine tool exhibition opens today with UK manufacturers optimistic that their fortunes are improving, in spite of what many regard as a serious failure by the electronics sector to provide equipment crucial for world-wide competitiveness.

With the main development thrust concentrated on computer numerically-controlled equipment, British companies are having to rely heavily on American, Continental or Japanese electronics.

Mr. John Halbert, president of the Machine Tools Trade Association, said yesterday that he believed a joint approach by the major British machine-tool companies to GEC, or perhaps Racal, was necessary to generate innovation in electronics.

Even a successful approach, he said, would initially leave Britain far behind the U.S. and

Japan. The only hope would be to leap-frog the technologies in those countries.

There was no shortage of technical expertise in Britain, as was demonstrated by the number of successful smaller concerns. But this needed to be developed, perhaps through takeovers, by companies which could provide worldwide support to customers.

Although the industry was now buying in electronic equipment from companies such as General Electric and Allen Bradley in the U.S., Siemens and Philips in Europe, and Fanuc in Japan, the price of Japanese goods was said to be up to 40 per cent more than in the domestic market.

Mr. Halbert said that British companies were the first in this field some years ago, but it had been "treated as a boffin's paradise." He said that a far more commercial approach was

needed.

It was felt that unless some progress in the area was made soon, the way would be open for foreign companies to set up manufacturing facilities here.

Although it is argued that expensive research and development in the UK is hardly justified by the comparatively low-volume machine tool industry, such a move would reduce electronic capability in the field.

However, given this prospective handicap, companies at the exhibition — at the National Exhibition Centre — generally believed that export prospects were good. This was particularly the case in the U.S., where the booming aerospace industry and the re-equipment in Detroit for smaller cars was creating demand.

Few companies were experiencing currency-related problems, mostly because their products were highly speci-

fied. Long-standing marketing arrangements, often through associated companies, were also proving valuable.

Overall, the industry's export prospects for this year seem better. Mr. Halbert predicted that the balance of trade in machine tools would be positive, following a deficit of about \$50m last year.

It is estimated that equipment worth \$200m is on display at the exhibition and the total cost of the event is about \$10m. About 5,000 products have been shipped in with a heavy emphasis on electronics, but simple-to-operate machines.

Concern over lack of young trainees entering the industry is reflected in a major presence by MTTA's training staff. About 23,000 young men and women, plus a large number of instructors from training establishments, are likely to visit the exhibition.

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مكتبة النجف

UK NEWS—PARLIAMENT and POLITICS

PM's plea to industrialists

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER urged industrialists and businessmen last night to pull their full weight to ensure that productivity improved substantially and was closely related to the level of wage settlements.

In her first major speech to an industrial audience since becoming Premier, Mrs. Thatcher told Birmingham Chamber of Industry and Commerce that Ministers were doing all they could to lay firm foundations for expansion. But success now depended on industry itself.

She praised fulsomely the attitude of Sir Michael Edwards, chairman of BL, in his attempts to make the company profitable and in opposing unduly high wage demands, and urged other leaders of industry to speak out more.

"The Government has a crucial role in creating the climate in which industry can succeed," she said. "But when we have got our part right, success or failure still depends on how you perform in a competitive world."

Here the nub was productivity and unless productivity improved substantially, nothing

else would help—neither reduction in Government expenditure, nor export credit, nor lower interest rates.

In her view, productivity was nine points of the law, and industrial wage levels must be related to it.

There was, however, a major question mark over how many of those who worked in industry fully understood this and the only way to drive the message home was for industrialists to become more active.

She was unable to reach the labour force effectively and so were Ministers and civil servants, but industrialists and managers were in touch with the workforce day in day out sharing the same problems.

"There are too many employees who do not know the real problems of their own companies," Mrs. Thatcher said. She realised that many industrialists were happier doing than talking but if they did not speak out, a vacuum was left that would be filled by others only too happy to exploit it.

She believed that willingness to explain, even if each worker was aware of the consequences of his own actions, was an

essential part of leadership. After a year in office, Mrs. Thatcher's view was that the Government's message was beginning to get across. There were many encouraging signs that workers' industry were coming to recognise the connection between industrial disruption and loss of jobs.

One difficulty was that it was not easy to persuade of the seriousness of Britain's present economic problems without making the longer term prospects sound too depressing. But clearly the Government would not be taking unpopular measures unless Ministers were confident that they would lay the foundations for future recovery and prosperity.

"There is a bright future for this country of ours," she insisted. "How could there be with our unmatched resources of energy, of enterprise and of skill?"

It was the job of the Government and of her audience of industrialists and businessmen to liberate those reserves and to give them full scope.

A broad assessment of Government economic policies, the Prime Minister said they were

aimed at overcoming years of relative decline caused by too much Government, when Government's had spent too much, taxed too much and borrowed too much.

In addition, unsuccessful industries and businesses had been shielded from their own failures and finally there had been the attitude of many employees who had been too resistant to change, and too prone to restrictive practices.

Arthur Smith, Midlands Correspondent, writes: The importance of a strong BL to the future of the Midlands was impressed upon the Prime Minister by Mr. Joe Brown, president of the Birmingham Chamber of Commerce.

Mr. Brown spoke of the "depth of feeling" in the region for what Sir Michael Edwards, BL chairman, and his team were trying to do.

"Despite all the problems of the moment, we sense in every level of BL management, and in a strong nucleus of the workforce, a greater resolve to see things through—and a strong enthusiasm for the potential of the new models in the pipeline."

Plans to cut Civil Service confirmed

By Philip Bassett, Labour Staff

SIR IAN BANCROFT, head of the Home Civil Service, yesterday confirmed that the Government was considering new proposals to cut the Civil Service.

In a letter to Mr. Bill Kennell, secretary general of the Civil Service unions' National Staff Side, Sir Ian said that Mr. Paul Channon, Civil Service Minister, was "considering policy" on the issue.

While no definite proposals had yet been drawn, Mr. Channon expected to consult his Cabinet colleagues soon. Sir Ian was replying to a letter from Mr. Kennell which objected to recent Press reports on new cuts in the service. Mr. Kennell said the staff side deeply resented

developments in this way and that morale was being affected. Sir Ian said that much of what had been reported, which has included the abolition of the grade of

under secretary, a new round of cuts to reduce the size of the service to 600,000, and even the abolition of the Civil Service Department, had been "wild and inaccurate."

Mr. Channon will enlarge upon Sir Ian's letter, which is a promised full consultation with unions on its proposals, in a meeting with union leaders today.

The Government is facing a difficult problem with pay rises of nearly 40 per cent which are shown in the 1986-87 budget, the highest since 1978.

It said in full, the rises would rather take assistant secretaries well in front of under secretaries, their immediate superiors whose pay is covered by the "Two Salaries Rule" or by their world mean were large increases for under secretaries to avoid the danger.

A plan of about this level would take assistant secretaries to about £23,500. The present rate for an under secretary is £18,000. This means that even if, as has been reported, the review had a scope of about 20 per cent, the superior grade would still be well behind.

The Government may have to repeat last year's temporary solution to the problem by reducing the pay award, to take the rate to about £22,000. However, if that course is followed the unions would be likely to want arbitration.

London traffic wardens are to get pay rises of between 10 per cent and 14 per cent back-dated to January 1. Wardens in inner districts will now start at £74.18, rising by annual increments to £80.12 per week and in outer London, £65.47, rising to £71.41.

Day Motion for Easter calling for this change and yesterday many of them were saying that they would support the new clause today unless Mr. Prior gave a definite promise of further legislation.

Mr. Prior is understood to have discussed the matter again with his colleagues at the Department of Employment yesterday. But they agreed that there should be no change in the Government's basic position despite the pressure from backbenchers.

In the same way, Ministers seem unlikely to give much ground tomorrow when another group of MPs—this time Liberal as well as Tories—try to insert a new clause into the Bill which would give employees of companies covered by existing closed shops the same right as people working for a company where the union was trying to establish a closed shop.

THE ASSOCIATION of University Teachers is likely to demand a 13 per cent rise from October because of delays in the examination of don's salaries by the Commission on Pay Comparability.

The association settled for 10 per cent last October, plus 6 per cent from the start of this month pending the commission's study, which the 22,000-member union expected to be complete in time for next October's pay rise.

But Mr. Laurie Sapper, the union's general secretary, said yesterday that the commission proposed to delay its report for a further 15 to 18 months while it carried out a detailed "factor analysis" of university teachers' work.

Mr. Sapper said university lecturers would not wait until late 1981 for the rest of their increase.

Union challenge on micro chip

A WARNING of the "terrifying" effect of the microprocessor on rising unemployment, possible de-skilling of jobs, "more machine minding" and health hazards was given yesterday by Mr. Eddie Hayes to the annual conference of APEX—the Association of Professional, Executive, Clerical and Computer Staffs.

Mr. Hayes, a member of the union's executive council, while welcoming the chip, said: "If these fears are true, how do we control the chip so that society and our members benefit from its introduction?"

An APEX official said that the union recognised that Britain's competitive position requires rapid introduction of the chip but was concerned about the consequences for employment and working conditions.

LABOUR

Nat West messengers' pay dispute settled

BY NICK GARNETT, LABOUR STAFF

THE DISPUTE involving messengers at the English clearing banks, which virtually halted cheque clearances, was settled yesterday.

The Banking, Insurance and Finance Union agreed terms with the National Westminster Bank on new salary scales for the bank's messengers, who went on strike last week.

The union had invoked sympathy action by messengers and some engineering workers in the other clearing banks in support of the dispute. There was a threat of growing dislocation to bank services.

Credit transfers, including payment of bills by giro, and salary and mortgage transactions, were seriously disrupted yesterday in the five banks, partly because of picketing. Bullion transport was also hindered.

National Westminster negotiates with its technical and services staff, of which the messengers are a part, independently of the other four clearing banks, which negotiate jointly.

The other banks are expected to receive a union claim on behalf of messengers this week. The NatWest messengers' settlement also leaves the difficult negotiations on the five banks' clerical staff unresolved.

The union says the banks' "final" offer of increases ranging from 18 to 21 per cent falls far short of its claim, although the Federation of Bank Employees has not received a formal note of rejection. It is also waiting for formal replies to the offer from the staff associations, which operate in three of the five banks.

In the NatWest messengers' settlement, BIFU undertook not to use the agreement as a means of attempting to level up its general claims for clerical staff. This has been one of the principal worries of the banks.

In the messengers' dispute, NatWest had offered minimum pay of £3,750 for staff aged 30 and over, but with a minimum of £3,250 for younger staff, rising on a sliding scale. The union had claimed a minimum of £3,970 for all messengers.

In the agreement, existing staff aged 30 and over will receive a minimum £3,750 to a maximum of £4,470. Staff under 30 but with more than two years' service will also receive £3,750. Staff with under two years' service will be on a scale from £3,250 to £3,750.

Future staff, irrespective of age, will start on £3,250, with increments starting after one year's service, the bank said.

INFORMAL TALKS between union negotiators and employers involved in the print craftsmen's pay dispute ended yesterday without resolving the dispute, which has hit general printing companies and provincial newspapers.

The National Graphical Association said last night that it had made several points to the employers' side, which were being considered. No date was set for renewed talks.

The employers are represented by the British Printing Industries Federation and the Newspaper Society. Talks between the two sides began last Friday and continued throughout most of yesterday.

Mr. Joe Wade, general secretary of the NGA, said last night that he would press for a "significant change" in proposals on productivity put forward by the employers.

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Talks fail to win print peace

BY JOHN LLOYD

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Attack on 'vicious' Government policies

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TUC call for ban on race marches

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Labour attack on North West policy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONSERVATIVES were accused yesterday of launching an "economic Blitzkrieg" against the North West region which includes Lancashire, Cheshire, Greater Manchester and Merseyside.

The charge came from Mr. Frank White (Bury and Radcliffe), speaking from the Labour front bench in the Commons during the opening of an Opposition debate on the problems of the North West.

He said that the textile industry in the region looked to the Government for a more positive policy than the one pursued since the General Election.

But the problems of the area went far wider than textiles. They included footwear, leather, paper and engineering.

"They all require a high degree of investment that will not be forthcoming from the private sector," said Mr. White.

He advised Government Ministers to talk to those in the "sharp" end of industry—plant managers, sales managers and marketing men. The Government should ask them which other country in the Western world was embarking



WHITE: "Economic Blitzkrieg"

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Financial Times Tuesday April 22 1980

APPOINTMENTS

Watney Mann & Truman director of distribution

Dr. Francis J. Pocock has been appointed distribution, supply and facilities planning director of WATNEY MANN AND TRUMAN BREWERS from May 1. For the past four years Dr. Pocock has been distribution development manager of Courage and previously held senior posts with Cyanamid and Boots.

Mr. T. C. Leader, managing director of BARCOCK CONTRACTORS, states that he has left the Babcock and Wilcox group on "certain points of disagreement with Babcock headquarters policy." He had been managing director of Babcock Contractors since 1978.

Mr. R. G. C. Becker, group chairman of PHONOPAS GROUP, has relinquished the post of managing director of Kent Chemical Company, a member company to devote full time to a chief executive position following the recent addition to Rother Valley Press and Furnish Chemical Company, to the group. Dr. Colin Burgess, previously commercial and technical director of Kent Chemical, has become managing director of that concern.

Dr. G. C. Boffetta, managing director of Fiat Avio, has been appointed chairman of TURBO-UNION. He succeeds Sir Denis Spotswood, a director of Rolls-Royce Limited, who is retiring from the Board. Herr M. Steinberger, a director of MTU, has relinquished the position of managing director to take up the new post of executive deputy chairman of Turbo-Union. He is succeeded as managing director of Turbo-Union by Mr. A. Rhodes who was previously the assistant director of product support for Rolls-Royce's Aero Division factories at Bristol and Coventry.

Mr. R. D. Shanks has resigned from the BOULTON AND PAUL GROUP to establish his own business advisory service to the timber, joinery and cabinet industries. He was formerly a director of Boulton and Paul (Joinery) and managing director of two group subsidiaries at Malden, Essex, and has been retained as adviser to the group.

Mr. Peter S. Wormald has been appointed a director of the IDC GROUP.

Mr. Jack L. Wicker, president and Goodman S.A. has been elected president of the BRITISH CHAMBER OF COMMERCE FRANCE, to succeed Mr. R. Ward, who died last



Dr. Francis Pocock

month. Mr. D. H. Gould, resident partner of Clifford, Turner in Paris, has become vice-president to join Mr. John Tuby, director of Isoservice S.A., also vice-president.

Mr. Geoffrey Halstead, formerly deputy chairman, has been appointed chairman of JAMES HALSTEAD (HOLDINGS) in place of Mr. J. S. Leach, who has been made deputy chairman.

Mr. Stewart Rose has been appointed managing director of GOOD RELATIONS and joins the board of the Good Relations group. He was previously a main board director of Burton-Marshall.

Mr. Michael Green has been appointed to the board of FRANK HORSELL AND CO. as finance director. He joined the company in 1978 as financial controller.

Mr. R. Ritchie has been appointed production director and Mr. R. Pike, sales director, of BRITISH POLAR ENGINES.

Mr. Philip B. Chmeh has been named president of the AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS from July 1. He will replace Mr. Phil Olson, who has been president since 1972. Mr. Chmeh is partner in Main Hurdman and Cranston.

M. J. Gleeson (Contractors) has formed a subsidiary called GLEESON (LONDON). The directors are Mr. T. K. Sheridan, managing K. J. Reading, deputy managing Mr. R. W. J. Radford, Mr. R. Ward, who died last

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A FINANCIAL TIMES SURVEY MANAGING WASTE

JUNE 16 1980

The Financial Times proposes to publish a Survey on Managing Waste in its issue of June 16 to coincide with the International World Waste Congress and Exhibition (June 16-20). The editorial synopsis is set out below:

Introduction The enormous growth of waste in the consumer society coincides with pressures to conserve energy and a growing respect for our environment. This has spurred technical and managerial innovation in the drive not to waste anything, including waste.

Editorial coverage will also include:

New Technology — transformation of waste into fuel; reclamation of metals; technical advances and possibilities.

Disposal of nuclear waste — treatment, storage and burial of radioactive waste; what Britain expects to spend and where.

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The contents, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

محکمات النسخ

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

LIGHTING

Lamp market thrust by Sylvania

EVEN THOUGH GTE Sylvania has achieved £100m turnover worldwide in lamps, it has only four years' experience under its belt in the UK and so will probably have an even more difficult time than most established contenders as Philips, Thorn and GEC in convincing the market about more efficient lamps at higher prices.

"Ten per cent saving" is the GTE Sylvania theme in two new introductions of 26 mm diameter fluorescent tubes, ES 100 and ES 180, becoming available in the UK in May.

A problem with more efficient lighting is that efficiency improvements are seldom made in sizeable amounts: each introduction, and there have been many over the years—is usually a matter of only a few per cent, so that while energy prices were not a pressing problem, lamp buyers were apt to take no notice.

But the energy situation is different now, deteriorating so that quite small percentage savings applied nationwide are becoming significant.

For example, the company claims that if all its latest types were universally applied in the UK, £200m of energy would be saved each year. Unfortunately, the lighting element in most electricity bills is only about 5 per cent of the total—a difficult sales hump to get over except perhaps in the large organisation where even 10 per cent of 5 per cent can be a considerable sum.

Simply switching lights off or cutting lighting levels is no answer to energy saving believes Sylvania, since it is known that store sales tend to drop, factory operator efficiency is reduced and crime is likely to increase.

Users should pay more attention to the lamp itself, particularly when it is realised that over the life of the lamp capital cost has been 20 per cent, maintenance 10 per cent, but power consumed 70 per cent (and likely to increase).

The company's new ES 100 26 mm fluorescents have the same basic light output characteristics as conventional 38 mm tubes but consume 10 per cent less power. Their extra cost, it is claimed, is recouped in about six months.

ES 180, also in 26 mm, uses a tri-phosphor but as well as consuming 10 per cent less power than its 38 mm predecessor can also give up to 70 per cent more light depending on the colour. It is available in two, four and five foot lengths consuming 18, 36 and 58 watts respectively—to be compared with the 20, 40 and 65 watts of the 38 mm tubes.

All of these lamps can be fitted into existing switch-start installations: in new schemes it becomes possible to decrease the numbers of tubes for the same lighting levels. A million of the lamps have already been sold in continental Europe.

Sylvania has also made a tentative announcement about four other energy saving lamps to become available by 1981. One is the Miniarc 40 watt metal halide lamp which in the long term could replace less efficient incandescent lamps in the home, industry and industry. The others are 350 and 1250 watt tungsten halogen types to replace 300 and 1500 watt types for the same light and a new range of ellipsoidal reflector lamps to replace conventional reflector flood lamps.

GTE Sylvania, already well established in the rest of Europe, obtained an entrance into the UK market in 1976 with the acquisition of Endura Lamps in Yorkshire, where the two plants are still operating.

An expansion programme is continuing, including the purchase of warehouse space on the M62 controlled by a VDU-based computer system, and the setting up of a nationwide chain of distributors. The company now claims to be the fastest growing manufacturer of lamps in Europe.

GEOFFREY CHARLISH

HEATING

More efficient furnaces

REDUCED WEIGHT and low thermal mass in comparison with most solid refractories are offered by heating modules for furnaces and ovens put on the market by Bulten-Kanthal AB of S-734 01 Hallstahammar, Sweden.

Brand name is Fibrothal, and the units have a wire-wound heating element embedded in a block, tube or semi-cylindrical shell of vacuum-formed ceramic fibre. The density is only 200 kg per cubic metre, a tenth of many traditional materials. This, together with the low thermal conductivity of the material allowing reduced

insulation thickness, allows smaller, lighter industrial furnaces to be constructed.

To provide uniform heating and precise temperature control the heating element is distributed uniformly over the hot face of the module. An iron-chromium-aluminium alloy, Kanthal A1 is used allowing maximum furnace temperatures of just under 1100 deg C.

The company claims that reduced furnace heat-up times, possible reduction in the rating of elements and low cyclic heat loss can produce energy savings of up to 20 per cent.

ELECTRONICS

Operator not needed

SIDECAN SONAR equipment for underwater surveys made by Waverley Electronics of Weymouth can now be supplied optionally with microprocessor control of the signal processing electronics, ensuring optimum results without the constant attention of an experienced sonar operator.

A single switch action makes the change from manual to automatic operation when the micro controller will then adjust for changes in range, sea bed texture, target and other local conditions.

In addition, digital signal processing now converts the slant range (that is, actual signal path to the target) to plan range scale lines on the recording. The new system also monitors the height of the tow-fish carrying the sonar transducers above the sea bed and presents the figure on a digital display. If the towed body descends below a pre-programmed height, audible and visual alarms are triggered.

The shipboard recorder has three range scales (75, 150 and 300 metres) and three recording

paper speeds to suit prevailing conditions.

More from the company at Waverley Road, Weymouth, Dorset (0305 784738).

PROCESSING

£1m powder coat plant

A £250,000 epoxy powder coating plant has just been brought into use by Valor at its Birmingham heater factory.

Installed by Electropaint of Lichfield, Staffs, it is being used for components for Valordome gas fires and other heater parts, and Valor reports a reject rate of 2 per cent against 25 per cent using the old painting method. Currently 480 heater casings and components an hour are being treated.

Valor, which had a team of 19 working on its previous electrostatic spray painting and dipping process, has now reduced this number to six.

METALWORKING

Removes the burrs

REMOVAL OF burrs from aluminium alloy plates, such as are used in aircraft construction, can be achieved very efficiently, it is claimed, with a machine developed in Germany by Wesero GmbH of Sprockhövel.

Both sides of sheet sections are treated simultaneously, the machine using compact, cylindrical, rotating and oscillating brushes against pressure rollers, with facilities to maintain the optimum surface speed to compensate for brush wear.

Construction, dimensions and application of the brushing rollers are critical, it is stated. They may be used dry, in which case supplementary dust extraction equipment is necessary, or in plant which sprays recirculating water on the brush face and work piece. In the latter case filtration plant is needed.

An alkaline degreasing unit for sheet sections contaminated with cutting oil from prior machining operations can be included and the work sections are spray-rinsed and air-dried after leaving the brushing unit in a "wet" installation.

Parts of thicknesses between 0.6 mm and 3.2 mm and above a linear dimension of 150 mm can be processed. Brush and pressure roll line setting is selected digitally for each gauge of sheet and a tolerance on the nominal size of 10 per cent is permitted.

Full details from Wesero's UK agent, Brian Davis and Associates, 125 Wells Road, Malvern, Worcestershire. (06945 65522).

DATA PROCESSING

Links up to form big networks

EMPLOYING FOUR of the Scottish-made B90 processors, Burroughs has made a further thrust into the distributed data processing (DDP) market with a new "CP" series of communications processors.

Contained in a 30 x 23 x 32 inch trolley-cabinet, the four processors constitute a powerful, programmable "nodal" computer which will interlink and control the transfer of data between line convergence points or "nodes" to form large scale communications networks.

Applications will occur in supporting data collection terminals such as the company's MT800, as a back office controller of banking terminals, as a remote job entry device, as a

store and forward message switcher and in the network use as a DDP node.

The processors are not confined to use within Burroughs networks. By emulating other manufacturers' protocols, the designers have allowed the CP series to be connected to a variety of competitive mainframes including, initially, IBM, ICL and Univac.

Higher levels of communications disciplines may be linked as well: the CP machine provides a mechanism by which IBM systems network architecture (SNA) can be linked with the Burroughs counterpart, BNA. The company believes that this flexible approach will allow users to establish national

and international DDP networks with mixed mainframes, terminals and protocols.

Each of the four B90 processors in the CP machine is dedicated to a different DDP function: operating control, data file management, compiling and execution of the user's application programs, and data communications proper. They run concurrently, each at its optimum rate.

First introductions are the CP 9160 and 9500, with memory sizes ranging from 96 to 640 kilobytes, disc storage from 6 to 520 megabytes, and from two to 32 communications lines.

More from Heathrow House, Bath Road, Cranford, Middlesex TW5 9QL (01-759 6522).

MACHINE TOOLS

New tube bending machines

DOUBLE END finishing and tube bending are the functions of two machine tools that T. Brooks is to introduce, the latter at Mach 80, National Exhibition Centre, Birmingham, April 22 to May 2 and the former at the company's Oldbury, West Midlands, plant during the same period.

Type 53 double end finisher is fully automatic and chute loaded. It points, hollow mills, chamfers or reams both ends of rod or tube in a single operation, cycling up to 4,800 times per hour. Actuation is entirely with electrically interlocked hydraulics. Round work blanks up to 38 mm solid or 70 mm outside diameter tube can be accommodated; of minimum length 38 mm, maximum length 308 mm.

CafinBend is a 14 tonne tube bending machine able to produce components needing one to ten bends of different angles and planes, at up to 1,800 bends per hour. A typical application would be in the production of vehicle exhaust pipes.

A new control system using the Hewlett Packard Sequel unit shows everything to be drilled in and displayed on an X-Y unit, cutting setting up time from an hour for 10 bends to a few minutes.

More from Brades Road, Oldbury, Warley, West Midlands B69 2DL (021-552 5311).

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SAFETY

Will detect smoke

AN INFRARED beam smoke detection unit, developed by Chubb Fire is available in two versions and can protect volumes of 160 cubic metres (10 metre beam) or 400 cubic metres (25 metre beam).

There are three parts of the system: a wall mounted plate assembly containing the wiring terminations, a combined emitter/receiver which plugs into this and, mounted at the other side of the protected space, a wall mounted reflector supplied in two forms for the short and long ranges.

The system, which is called Mini BeamMaster, detects a set percentage of obscuration of an infra-red light beam caused by smoke. Paused emission from a gallium arsenide diode suffers attenuation on the outward and return paths in the presence of smoke and the set obscuration level has to be exceeded continuously for 15 seconds to avoid false alarms.

Chubb Fire Security is at Pyrene House, Sunbury on Thames, Middlesex (Sunbury 85588).

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Join Dr. Robert Metcalfe, President of 3Com Corporation, and creator of Ethernet, for an intensive two-day Conference on LOCAL COMPUTER NETWORKS, sponsored by Data Communications & McGraw-Hill Magazine. The Conference sessions will focus on:

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- Interfacing of local and remote computer networks: the role of gateways.
- Models and measurements of traffic and performance and their applications in design.
- Standards and the strategic value of communications.
- Understanding technologies including LAN, host nodes, gateways, and software structures.
- Integration of hardware, voice, video, and their application in electronic mail and information systems.

Dr. Metcalfe created Ethernet and has worked extensively with Arpanet and Fibernet. He will be assisted by John F. Schoch, an expert in local computer networks from the Xerox Palo Alto Research Center, California.

For more information on registering for the Local Computer Networks Conference, please complete the coupon and return to: Jan Derris, Regional Manager, 60 King Street, Twickenham, Middlesex TW1 3SL, England, or tel 01-491-4551, or Telex 88140522 Derris G.

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Arnold Kransdorff examines the ambiguous attitude of big business to the growing plethora of codes of corporate conduct.

affairs, while many governments in the industrialized world are showing concern about the effects of disinvestment in areas of high unemployment.

So far action has been broadly confined to isolated examples of national legislation. Efforts to formulate a common governmental approach to the problem have had only limited success.

Most of the effort has been devoted to the formulation of codes of conduct or guidelines rather than any legally binding convention, but due to the difficulties of getting consensus in any international forum, the momentum has

body, UNCTAD, the United Nations Conference on Trade and Development. Agreement on the first was announced last night.

Work on the code is being handled by the UN's Commission on Transnational Corporations, based in New York.

The objective is to have drafted a code in time for the Commission's next meeting.

Commission's annual meetings when it is held in the next few months, although latest reports suggest the draft may be postponed for another year. --

Multinationals will be expected to have respect for national sovereignty, to observe domestic laws, regulations and administrative practices, and to adhere to national economic goals and socio-cultural objectives and values. They will also be called upon to have respect for human rights, not interfere in internal political affairs and inter-governmental relations.

Letting this thread pull out

The original purpose of the various exercises was to provide a framework within

which all parties could enhance their co-operation without conflict. It remains to be seen whether this will be the eventual outcome.

The ILO states that within the framework of development policies established by governments, multinationals can make

standards (work on which will take another five years at least). Restrictive business practices and the transfer of technology are being dealt with by an allied

their co-operation without conflict. It remains to be seen whether this will be the eventual outcome.

The UN has been working on the code for most of the 1970s, although much of this time has been spent in inter-governmental wranglings over procedures and emphasis. The fine

standards (work on which will take another five years at least). Restrictive business practices and the transfer of technology are being dealt with by an allied

their co-operation without conflict. It remains to be seen whether this will be the eventual outcome.

[illegible]

This will require the tenant to decide whether to apply for a formal lease (at the present market rent) or to lose the right of occupation. The only alternative then is for the tenant to rely on, and complete, his existing arrangements. No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

1941

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LOMBARD

Missing issue in the Great Debate

BY ANTHONY HARRIS

ANYONE WHO has ever delivered what was planned as a stimulating or even provocative address, and then waited at question time while nothing could be heard but the creaking of chairs and the clearing of throats must feel for our monetary officials as this moment. For nine months they toiled in Great George Street and Threadneedle Street to produce the great Green Paper on monetary control, and invited a debate. Results so far: a few polite coughs, a warning from Greenwells that they will have something to say in due course, and a good deal of silence.

Last resort?

It is all very natural. Practical bankers have evidently concluded that the Green Paper is about high policy rather than trading; they have seized instead on the liquidity paper, and engaged in the hallowed City sport of a good knockdown private argument with Mr. John Page. For everyone who does mean to join in, it is reasonable to take a week or three to consider a reply to arguments which took so long to concoct. What is needed is a loosener, the irrelevant question from some fool who will rush in where Greenwells fear to tread. So here goes.

Now, Mr. Chairman, about this matter of lender of the last resort. It appears from the Green Paper that the official side has concluded that all proposals for radical change are left of court because they would interfere with this last resort lending. And what I want to ask is, just what do you mean by a last resort?

I am sorry, that is not quite clear. What I mean is this. The old idea of a lender of last resort — the sort of thing that Walter Bagehot was discussing in Lombard Street — was somebody who would, in a crisis, lend his name to almost any piece of paper necessary to head off a banking crisis. Now this is a kind of last resort I can understand; it is a last resort like a liferaft in a yacht — if all goes well, you will never have to use it. Of course, kind of last resort — a currency

crisis, in which it was necessary to push rates up to some astronomical level like 5 per cent and pull money in from Shanghai, but that was something of any emergency too.

Now, if I have followed this paper we are supposed to be debating correctly, you people have quite a different idea. Last-resort lending is not about any kind of emergency, it is about controlling interest rates. The whole aim is to keep the market coming regularly to you for funds whenever you want to give rates a nudge. That presumably is why there is so much stuff about forecasting the day-to-day demand for bank reserves, or liquidity, or whatever it is you are using as a fulcrum. You forecast the demand so that you can forecast whether your own operations will produce the interest rates which you forecast will produce the right money numbers. No wonder you need so many economists.

I am sorry, Mr. Chairman, I really am trying to get to the point, I promise you.

Risk

Now what I am trying to ask, Mr. Chairman, is what has become of the old-fashioned kind of last resort, the riskiness of lending? That could surely have a place in monetary control. In a world of routine last resort, and lifeboats and all that there is not really much risk left, except perhaps in the commodity markets; but in the last resort — sorry, that is a pun — this means that you are creating a system for turning almost any kind of asset into money; and is not that what inflation is all about?

No wonder you need to push interest rates up so high to discourage this kind of thing. So I would like to know what officials think is the proper balance between eliminating risk and controlling monetary growth, because you do see, don't you, that they can pull in opposite directions?

Oh, you wanted technical questions? Then I am awfully sorry.

EACH YEAR a large proportion of tastings for the trade and its institutional customers takes place in the first few months, when there is a new vintage of show or a slightly older one, recently bottled — this year 1978 and 1979 respectively.

For obvious reasons among the earliest are the Beaujolais, and two extensive tastings of the 79s have recently taken place in London. The first was for a co-operative known as Un Evantail de vigneron producteurs. The group makes the wine individually but has it bottled and marketed collectively. Its agent here is David Pepper, 2, Bryanston Place, W1. The second was for Quinson Filis of Fleury, represented here by French Regional Shippers, 10, St. James's Place, SW1.

Since neither concern sells directly to the public, there is little point in mentioning individual wines, but some comments may be made on the vintage in general.

Not surprisingly in view of the great quantity made, it is very light in colour and body. Some of the basic wines could almost be taken for rosés. On the other hand they have an agreeable aroma and the right style, so that they should make pleasant drinking, particularly over the summer months. With the advantage of being slightly cheaper than the 78s, they are nevertheless, not so good, just as the 78s were inferior to the still excellent 76s.

The whites, bottled earlier, were less of a problem, and there is no doubt that the 78s are firm, fruity and crisp wines of considerable character. However, these days there seems to be an increasing use of new oak casks, a feature of many Chardonnay wines made in California, where, it is alleged, oak chippings are sometimes put into the casks. This adds tannin to the wine and imparts the flavour of oak. But seductive though this is, it can obscure the bouquet and taste of the wine; so that one asks oneself

if it is oak or wine that one is enjoying. In short, the young wines could not be left too long in casks that give off these qualities.

Bouchard's delicious Meursault Charnes and Puligny-Follies were strongly "oaky", though I was told that they had not been in new oak, and this characteristic would diminish. The Rodet wines showed

there is no doubt about the good quality of the vintage, though one wants to look for wines with plenty of colour. In spite of the much bigger crop last year, the better Côte d'Or 78s are no less expensive and certainly less good. Those over-produced will turn out poor and thin.

Two remarkable claret tastings have also taken place in

Spleen, Moulis (583). The last was particularly attractive, with very deep colour, fine nose and a big, well-balanced, flavour. Among the classed-growths I picked out Cos d'Estournel (580), Lynch-Bages (584), Pichon Lalande (587), Ducru-Beaucailou (590) and Léoville-Las-Cases (598). Of these my two favourites were the big, over-tough Cos d'Estournel and the elegant, well-balanced Léoville-Las-Cases, which had some oak on the palate.

For those in the market for first-growths, my choice among the three shown — Latour, Haut-Brion and Margaux — would be the last-named, with plenty of colour, a fine Margaux nose and good balance; and at about £16 a case cheaper than the others. Maybe the big, deep-coloured, fruity but backward Latour will out-distance it, but it might out-distance many of us too.

Then there was a remarkable assembly of 30 clarets of the 1979 vintage from the cellars of the Ritz Hotel. These demonstrated the excellence of a vintage that has plenty of colour, flavour and body; and they seem to have developed remarkably. The starting point was a Bas-Medoc growth known for its quality: La Tour-de-Bour, a round, fruity and very amiable claret (510.25). The next that I particularly liked was the Chasse-Spleen, as outstanding in this vintage as the 78 at the Harvey

tasting, a very deep-coloured wine with lots of flavour. A contrast was the much lighter Haut-Brion, a typical "bricky" Graves that should be listed soon. Among five St-Julien's favourites were the Ducru-Beaucailou and the Beycheville (516.25). The Ducru had more body, but the Beycheville was typically elegant.

The half-dozen Pauillacs included a rather disappointing Pichon-Lalande (517.50), and Batallier, but Les-Fort-de-Latour, the second wine of Latour, had big colour and, though with some way to go, was nothing like as closed up as its senior, which lacked nothing but sufficient age. It was a much bigger wine than the Mouton-Rothschild (518.50), with its usual deep hue and typical bouquet, but less body than expected. Particularly attractive was the Lynch-Bages, a huge-coloured claret with a bold flavour. The tasting ended with an assortment of St. Emilion and Pomerol, dominated by Cheval-Blanc and Pétrus; the former much the softer and more easy to drink now than the very rich, seductive Pétrus that may keep for many years.

This tasting was a remarkable demonstration of a well-chosen range of clarets of a fine vintage, and in terms of restaurant mark-up, the prices were not high for their quality and age.

WINE

BY EDMUND PENNING-ROWSELL

London. The first, given by Harveys of Bristol, was of 28 78s from light Côte de Blaye, bottled in Bristol and retailed at about £26 a dozen, to Latour at about £16. The half-dozen or so inexpensive petits-châteaux were light, flavoury and likely to come round quickly; in price as well as in body and style a world away from the classed-growths. In between, and as usual, excellent value for money, were the bourgeois and bourgeois supérieur growths.

Those I liked best, with approximate prices a dozen in brackets, were Fombrage, St-Emilion (548), Phélan-Ségur, St-Estephe (554) and Chasse-

less, and the Méroque Ch. de Chamray was a fine, bold wine, worth looking out for. It is likely to cost about £5 a bottle, including VAT, compared with about £8 for the two Bouchard wines.

The Bouchard Montrachet, from the merchant's own slice of this 18-acre vineyard, will retail at around £250 a case. It is, as it should be, a wine of very fine character, with a lovely bouquet. The well-publicised high prices of the 78 Burgundies did not prevent them being snapped up at source.

If the reds at both tastings were less immediately attractive, for reasons already given,

Highway strong for Epsom test

NO SOONER have the Guinness Trials finished than the spotlight switches to the major stepping stones to Epsom. This afternoon the home of the world's most famous horse race stages the first recognised test for Derby aspirants, the Ladbrooke Blue Riband Trial.

Although today's eight-run field for this Group Three event

RACING

BY DOMINIC WIGAN

over a mile and 110 yards may not contain a three-year-old of unusual potential, it should, nevertheless, prove well worth watching. For among the runners are Ireland's Larkspur Stakes winner, Johnny O'Day, as well as smart home-trained colts in Marathon Gold, Highway and Last Fandango.

Marathon Gold and Johnny O'Day, who respectively finished first and third in Goodwood's Lanson Champagne Stakes, should both go well, but I suspect that the winner will come from either Highway or Last Fandango.

Although Jeremy Hindley's Highway, with only one race behind him, faces an exacting task over this tricky switch-back track, I do not see inexperienced proving his downfall. A handsome, well-balanced colt, by High Top, he clearly has the wherewithal to hold his own tenaciously to hold Running Mill by a head in a £4,000 maiden event at Sandown in the autumn.

Last Fandango, unraced as a juvenile, has, nevertheless, slightly more racecourse experience than Highway for he has run twice recently. Never in

the hunt when taking well-tried opponents at Kempton on his debut, Last Fandango left that form a long way behind at Newmarket on Thursday.

There are few trickier events in the racing calendar for the punter than the Great Metropolitan Handicap — the longest-established race at Epsom — and it is with far more hope than confidence that Norfolk Arrow is suggested each way.

EPSON

2.00—Dixie Heights
2.20—Phil's Panther
3.05—Norfolk Arrow
3.35—Highway**
4.10—Mt. Whitney
4.45—Harden**

NOTTINGHAM

2.00—Rametta
2.30—Heg's Hero
3.00—Raconteur
3.30—Princely Chief

HTV

1.20 pm Royal West Headlines.
5.15 Cartoon. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 7.00 The Tuesday Night. 7.30 The Wednesday Night. 8.00 The Thursday Night. 8.30 The Friday Night. 9.00 The Saturday Night. 9.30 The Sunday Night. 10.00 The Monday Night. 10.30 The Tuesday Night. 11.00 The Wednesday Night. 11.30 The Thursday Night. 12.00 The Friday Night. 12.30 The Saturday Night. 1.00 The Sunday Night. 1.30 The Monday Night. 2.00 The Tuesday Night. 2.30 The Wednesday Night. 3.00 The Thursday Night. 3.30 The Friday Night. 4.00 The Saturday Night. 4.30 The Sunday Night. 5.00 The Monday Night. 5.30 The Tuesday Night. 6.00 The Wednesday Night. 6.30 The Thursday Night. 7.00 The Friday Night. 7.30 The Saturday Night. 8.00 The Sunday Night. 8.30 The Monday Night. 9.00 The Tuesday Night. 9.30 The Wednesday Night. 10.00 The Thursday Night. 10.30 The Friday Night. 11.00 The Saturday Night. 11.30 The Sunday Night. 12.00 The Monday Night. 12.30 The Tuesday Night. 1.00 The Wednesday Night. 1.30 The Thursday Night. 2.00 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THE ARTS

The Florence of the Medici

by ROY STRONG

Things had not improved much in Florence nearly a fortnight after my colleague William Facker gave us his first impressions of this mighty spectacular on the Medici. Although the visiting curators had ceased to stamp their feet and had departed, there were few signs that the unfinished exhibitions would ever be finished. If the catalogue on the Medicean collections in the Palazzo Vecchio was anything to go by, large tracks of it will never be assembled (the portrait of Queen Elizabeth I, for a start, was still on the walls of the Pitti). Catalogues to the exhibitions on Science at the Palazzo Vecchio, on the Medici and Europe at Orsanmichele, and on Magic, Astrology and Alchemy at the Science Museum had still not appeared. In a way it cheered me. Whatever else may be wrong with Britain when it comes to organising, designing, cataloguing and actually opening an exhibition, we deserve a medal.

To me the exhibitions as a whole were thin on great works of art (which are impossible to miss anyway) but strong on ideas. Perhaps this reflected the overwhelmingly academic nature of the contingent that staged the shows. A museum person would have used one object to make a point whereas an academic wants every footnote in the book, as witness the deluge of tapestries covering the walls of the Palazzo Vecchio, each one cancelling the other out. For the average visitor, however, there is a unique opportunity to refocus on what the last 25 years of international scholarship on the Italian renaissance have been about. It makes one reflect profoundly as to how far we have travelled from the simplistic nineteenth century view of the renaissance as an idealistic, pagan, rationalist and emancipating movement. It is, therefore, the fringe exhibitions which have been done on a shoestring that most excite.

The revival of antiquity that is the essence of the renaissance age we now realise was also a revival of the less rational aspects of classical culture, a reinforcement and reawakening of magic and astrology. Marsilio Ficino's translation of Plato in order to translate the texts of the Corpus Hermeticum, that strange compendium of occult thought and astral magic that it was, was written by a Hermes Trismegistus and embodied sacred texts of ancient Egyptian wisdom, philosophy and magic. No wonder old Cosimo de Medici wanted to read it before he died! Paola Zambelli's exhibition on Magic, Astrology and Alchemy tries in a small space to deal with this

(amongst other things). Through the Hermetic revival we see the emergence of the renaissance *magus*, we begin to understand the newly elevated role of man the microcosm as man the *magus* who through this revival of the occult is able to control the physical world. Out of this comes over a century of redefining the boundaries of natural as against black magic.

In other words out of something irrational and bizarre was to come some of the great forward leaps of the European mind. Ficino's solar magic could lead to the Copernican theory. Dr. John De's dabbings in the spirit world are revealed as totally compatible with his encouragement of the Elizabethan voyages of discovery. And we only have to stand in the studio of the Grand Duke Francesco in the Palazzo Vecchio, with its images of art fashioning nature stemming down from the coffered ceiling on which float the elements and the humours, to its wall where these particularise into pictures of pearls, fishers or a fidei ducal work shops blowing glass, to realise that the visual arts in one aspect take on a strongly magical strand in the late renaissance.

Art subjects in nature, art as expression of power over the natural world and, by extension, within a society propelled towards absolutism, art as vehicle for the royal will. *La Scena del Principe* at the Palazzo Medici Riccardi is perhaps the most successful of all the exhibitions. This is its point, one which it makes forcefully. The Medici as purposeful developers of festivals and the illusionistic theatre. There are the marvellous designs to the celebrated intermezzi of 1589, from which our modern opera descends, for the state enters into Florence of successive grandduchesses and ones by our own Inigo Jones *forevermore*. But all these are periphery to this central theme of power and glory and the means whereby it might most potently be asserted to subjects and to the amazement of the rest of Europe. I have never seen a better series of models, beautifully made tracing the evolution as street scenes, moving in the renaissance, the revival of the mechanics of the Alexandrian School leads to the theatre we know, an auditorium and a proscenium arch behind which, by staggering feats of engineering, successive Platonic visions come and go to the glory of the Medici. This is a thrilling exhibition because it is controlled and selective.

La Scena del Principe is the result of a generation of research on renaissance festi-



Bernardo Buontalenti's sketch for *Necessity and the Three Fates* in the first intermezzo of 1589

vals, the study of which to serious intent began only in the 1950s. The exhibition in the Laurenziana catches another expanding subject, the history of science. And yet going around the exhibition (no catalogue yet!) one realised how integral all this was to the aesthetic explosion of the renaissance. Just as the theatre of illusion would never have come to fruition without the engineering revival so, for instance, is there an equal dependence between the mastery of naturalism and the recording of the phenomena of the natural world which reaches the status of an obsession in the late renaissance. Jacopo Ligozzi's rendering of a

flower or a lizard is simultaneously a miracle of observation and a work of art. The mastery of drawing was like the acquisition of a new alphabet enabling man to record the coastline of the New World or the tackle needed to undertake the amputation of an arm or leg.

I welcome this celebration of cinquecento Florence. I have no time for its too familiar dismissal as the decadence. Of course quattrocento Florence will always reign in its pristine purity but grandducal Florence from Cosimo I to Cosimo II was an astounding phenomenon in late 16th and early 17th century Europe. It was a rich, united and well-governed state. It

remained one of the *stati liberi*, along with Venice and Savoy, a candle burning before it was finally to be snuffed out by Habsburg domination. Counter Reformation obscurantism and its own cackles within. One sees increasingly clearly that the period between the defeat of the Spanish Armada and the outbreak of the Thirty Years War was one of hope. Through a minute examination of the physical universe, a belief in the power of occult influences and a faith in messianic rulers such as Henry IV of France, there seemed a possibility that new reconciliations might be found to shore up a once united world picture. Alas, it was not to be.

Festival Hall

Berlioz' Requiem

by DAVID MURRAY

On Sunday André Previn made his first appearance with the London Philharmonic, and the auspices were very good. Of all the major Berlioz works the Requiem suits the Festival Hall least well—the music was calculated to be heard in Les Invalides—and most needs creative adjustment to the relatively close-up, distinctly dry acoustic. There are many sonorities in the *Grande Messe des Morts* (not just the famous flute-and-trumpet chords) that are exactly expressive in the right hall, merely bald and peculiar in the wrong one. With alert playing by the LPO, Previn succeeded in both reminding us ho wspace and unpadding the score is, for all its brass bands and matted timpani, and ensuring that it sounded cogently imposing.

Nothing misfired, though the full sombre gravity of the music could not always be re-created

in the circumstances. Part of Previn's tactic was to keep most of the tempo prudently brisk, in the absence of a cathedral acoustic to sustain more majestic speeds. The dramatic structure of the piece was sharply carved none the less. The great multiple brass entry was awesome as well as thrilling (a little impression only added to the impression of depth). Sonorous effects that demand great isolation, like those chords in the Hostias, were always allotted enough space; more might have been granted to the bare lines opening the *Sanctus* and the *Agnus Dei*, which missed its breath anxiety. Only the Offertorium sounded indeterminate, as if Previn had not yet decided what it is for; every other movement had the marks of a purposeful, idiomatic reading.

The strong tenor soloist in the *Sanctus* was Robert Tear, fervent and secure in his taxing music without taking the easy falsetto way out. The London

Philharmonic Choir sounded no more French than he did, but lost a little more—the chorus tenors, in particular, rarely made a bright enough noise with their entries (especially at the "Te decet hymnus," and in the explosion of the Dies irae); greater numbers would have been an advantage. They found a fine cutting edge for the Lacrymosa, and everywhere their pitch was confident. The whole performance had the degree of polish that comes nowadays only with linked recording sessions (a disc version is to appear) or studio hi-fi. It was honestly stylish and exciting, if not monumental—and a ripe cathedral performance of the Requiem often smooths away the rough Romantic originality of the score, its daring experimental fantasy, which Previn held professedly in focus. No subjective pleading, plenty of attentive expertise: just what Berlioz requires.

Radio 3

Die Liebe der Danae

by RONALD CRICHTON

On Sunday afternoon the BBC embarked on a complete series of Strauss operas, starting not with the early *Guntram* but with the late *Die Liebe der Danae*—it might be illuminating to continue the progress backwards, didn't come out like that. Gregor's libretto acknowledged a debt to Hofmannsthal, who had sketched independently a similar fusion of the myths of Midas with the golden touch and of Jupiter's descent on Danae. The succession of fairly short scenes is serviceable, but the language—at least by Hofmannsthal's standards—is dead stuff. It none the less drew from Strauss some lovely music for Danae, transparent and genuinely simple, and for Jupiter with whom, being saddled with a real-life Juno, he may well have identified. There is also some of the customary fluent note-spinning and some attempts at "light-heartedness" in the Act 3. The Strauss opera, for example, which on the air sounded simple in the wrong way.

This is a slap-up studio performance with Sir Charles Mackerras conducting the BBC Symphony Orchestra. He isn't the kind to wallow in golden moments but he knows how to keep the texture light and flowing. The title-role went to Ariane Saunders, whose voice has gained immensely in character since I last heard her—after an unsettled first scene she sang deliciously. Norman Bailey's Jupiter was full of warmth, godly wrath and rueful resignation. Midas was Kenneth Woolam, good in the quieter music, hard-pressed in the heavier pages (Strauss never found out how to write for heroic or near-heroic tenors). The four choruses, former and willing victims of Jupiter in various guises were Elizabeth Gale (Semele), Alison Hargan (Europa), Patricia Price (Alkeme), Linda Finnie (Leda). The broadcast left one with a feeling that *Danae* will turn up in the opera house. In English, let us hope—Gregor has little to lose by translation.

St. John's, Smith Square

Horniman Singers

by FRANK DOBBINS

The recent proliferation of small amateur choirs concentrating on Renaissance music has been phenomenal and parallels a comparative decline in the larger choral society. The extra demands of singing exposed polyphony with only three, four or five voices per part and without instrumental support have been overcome by the remarkable commitment of the singers and their dedicated directors. The latest choir to display its achievements in the august temple of music in Smith Square is the Horniman Singers, a group of twenty-one young men and women who meet and practice as a weekly evening class at the Horniman Museum in Forest Hill under the keen and energetic direction of Colin Mawby.

The programme presented a substantial selection of well-known sixteenth century sacred polyphony alternating with plainchant associated with services for Passiontide and Easter. The first half began with a devotional part-song "Woefully arrayed" by William Corvay, preceding through a plainchant setting of the Lamentations of Jeremiah to the famous five-part setting by Thomas Tallis and including between six four-

part Responsories for Holy Week by the Spanish master Victoria. The extended plainchant was sung with clear timbre by a tenor soloist who encountered some problems in maintaining smooth melismatic articulation. The solo episodes in the Responsories also showed occasional signs of strain with the sopranos being particularly stretched by the end of such a long sequence. However, the choir as a whole responded magnificently to Mr. Mawby's fluctuating tempi and dynamics, reacting sensitively to the changing textual nuances, while ensuring lucid polyphony and well-balanced harmony.

The second half's metamorphosis from darkness into light was characterised by the choir changing from black formal to more informal dress. Plain song proper for Easter now sung by three tenors and three sopranos demanded somewhat uneven, but the accompanying five-part mass by Palestrina retained the energy of its amorous Adagio. The choir's performance was a model of Renaissance style. Despite the long and taxing programme, the choir showed renewed vigour in their conclusion, exuberantly exalting in the exciting cross-rhythms of Byrd's *Mass*.

London's first show for guitar makers and players

Guitar '80 is the title of the first-ever workshop and exhibition, exclusively for guitarists and guitar makers to be held in Kensington's new Town Hall between June 4 and 6.

Sponsored by the weekly newspaper *Musicians Only*, *Guitar '80* will provide a forum

for luthiers and players where visitors will be able to see and discuss both traditional and more modern methods and materials used by the guitar maker.

Further information from Tim Hartley, Musicians Only, Surrey House, 1, Throley Way, Sutton, Surrey, 01-643 3040.

Purcell Room

Suoraan by MAX LOPPERT

"The audible (and visual) degree of difficulty is to be drawn as an integral structural element into the fabric of the composition itself," this proclamation, abstracted from the preface to Brian Ferneyhough's *Cassandra Dream Song*, might be taken to serve as the composer's artistic credo. In the three Ferneyhough pieces played in Sunday's contemporary music recital by the chamber group Suoraan, that "structural element" was increasingly appreciable. An early invention for piano, revised for this concert, was a brief, turbulent calling card—no more. *Coloratura* (1966) for oboe and piano, beautifully shaped by Christopher Redgate and Michael Finnissy, still preserves a sense, in the cascading whirl through which Ferney-

hough impels his performers, to colour achieved according to the natural tendencies of both instruments. It is in the *Dream Song* (1971), for solo flute (Nancy Ruffier, greatly impressive), that the peculiar character of Ferneyhough's music came through most strongly. The intention of the writing is to drive the flautist to, and against, the limits of the flute, to create a sound-vision, in great bursts and bunches of notes, of multiple strands of counterpoint, of multiple tone-colour contrasts. One felt the need, when the music ended, of still further exposure thereto, to discover whether the generalised, gritty integrity that emerges is all that can be expected, or whether the sound and the fury signify something.

It was a witty conceit to contrast this music, hardly assimilable in its striving complexity, with a selection of John Cage progressively intent on forging artistic strife and complexity. The performances of the early *Composition for 3 Voices*, the *Dream* for solo piano (1948), and a past-up of various Concert elements were all a little lacking in authentic Cage cool; Josephine Nendick's clear voicing of *The Wonderful Widow of 18 Springs* is familiar, and admirable. New pieces by Suoraan directors James Clarke and Richard Emsley brought each half to a close: Clarke's *Laula laulata* proved not entirely negligible, though the displacement of wordless song (mainly for oboe and voice) by a final jazzy free-for-all seemed both gratuitous and ill-assorted.

Leeds Town Hall

Mozart Concertos

by ARTHUR JACOBS

Brussels, Paris, Geneva, Budapest, Warsaw, Moscow, Leeds: all are homes of major international competitions for young musicians. Last week Leeds was, for the first time, host to the co-ordinating body for such events, the Fédération des Concours Internationaux de Musique. Welcomed by Fanny Waterman on behalf of the Leeds International Piano Competition, the delegates were honoured on Saturday night by a civic gala concert at which three outstanding young musicians performed Mozart with the Scottish Baroque Ensemble. The Bulgarian violinist Vanya Milanova and the Hungarian pianist Andras Schiff are both now resident in Britain, and Malcolm Messiter (oboe) is one of our best native instruments.

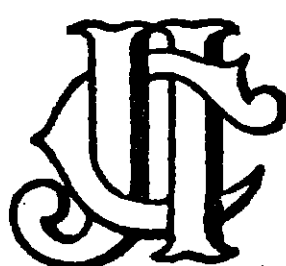
"Baroque" in its older pejorative sense of "extravagantly and grotesquely ornate" is a word that could well apply to the interior of Leeds Town Hall, recently restored to its Victorian flamboyance of decoration and colour. The Scottish Baroque Ensemble has less claim to the word in its modern historical sense: it plays modern instruments, not those of the baroque period, and makes no speciality of that period's music.

It is in fact a group basically of 13 strings, skilfully directed from the first violin desk by Leonard Friedman. Augmented for this occasion, it provided a firm and pleasurable accompaniment for Malcolm Messiter's performance of Mozart's Oboe Concerto would have done honour to any concert. A ravishing tone, an exciting agility, and a most sensitive response to the composer's musical phrasing were combined to raise a work of "lesser Mozart" almost to the lofty regions of the Clarinet Concerto. The subtle variation which Mr. Messiter applied to repetition of phrases was particularly fine.

Vanya Milanova's performance of the Violin Concerto in A, not capturing the same intensity, was nevertheless attractive in its flow and accuracy. I felt, sometimes, that a technique able to tackle Chalkovsky was being not quite successfully reined in to cope with Mozart's restricted scope. There was not much repose—an impression strengthened by the soloist's restlessness on the platform.

Andras Schiff displayed his art in Mozart's two-piano concerto with his British teacher, Guelfo Malcolm. Here the acoustics of the town hall did their worst. The orchestra, pushed back on the platform to accommodate the two pianos, was insufficiently strong in tone, while the sound of the pianos (with their lids removed) vanished somewhere in the heights instead of being directed to the audience. Confusion was only increased by Mr. Malcolm's deliberate adoption of an over-caressing, insufficiently crisp keyboard style, with large helpings of rubato. (I approved, however, the use of the keyboard instruments in a *continuo* role during the orchestral *tutti* passages.) In this context Mr. Schiff's undoubted ability was hardly to be appreciated.

As if the gap between the modern grand piano and the historic Mozart sound were not problematic enough, the duet-lists then gave us encore the finale of Bach's Double Concerto in C, in which odd themes only occasionally emerged from a jumble of sound. That such a distinguished harpsichordist as Mr. Malcolm should be so curiously pre-occupied with the piano may have puzzled the international delegates as much as it did me.



The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

(Incorporated in the Republic of South Africa)

A Member of the Johannesburg Consolidated Investment Group of Companies

Extracts from the 1979 Chairman's Statement

* Operating profit increased from R73,684,000 to R100,166,000 as a result of increased production of both gold and uranium and the higher average gold price received of U.S. \$304 per ounce as compared with U.S. \$200 per ounce in 1978, despite a significant increase in costs and the planned reduction in grade.

* Dividends increased from 450 cents per share to 600 cents per share absorbing R32,481,000.

* Uranium production increased from 117 tons to 417 tons. Throughput in the Cooke uranium plant now matches that of the gold plant and the emphasis is on improving recovery efficiencies. Production is likely to reach an annual rate of about 700 tons later in the year.

* As announced in the press on 3rd November, 1979, the grade and tonnage estimates in respect of the in-situ reserves remaining in the Randfontein Section were considered to be overstated in the light of current sampling. No complete explanation has as yet been provided but the investigations have highlighted many factors as contributing causes. However, the company's technical advisers report that the Section has a life of at least four years. It is anticipated that any shortfall in uranium production will in due course be met by production from the Cooke No. 3 shaft area.

* A decision has been made to proceed with the sinking and development of the Cooke No. 3 shaft and to expand treatment facilities at the Cooke Plant by 150,000 tons per month. Underground production is planned to commence in 1985 and the total estimated cost is some R200 million in 1980 terms.

* Capital expenditure is likely to total R46 million in 1980. This expenditure includes some of the costs associated with starting the Cooke No. 3 shaft and the cost of a ventilation shaft necessary to provide improved working conditions in the Cooke No. 1 and 2 shaft working areas.

B. A. Smith
Chairman

21 April 1980

SUMMARY OF OPERATIONS

	Year ended 31 December	1979	1978
Net profit from gold and silver — R000's		83,245	70,156
Net profit from uranium — " "		14,932	2,662
Capital Expenditure — " "		22,727	58,405
Tax and State's share of profits — " "		7,182	—
GOLD			
Tons milled — 000's		3,921	1,850
Recovery — kilograms		23,486	21,106
— grams per ton		6.0	11.4
Average price received — per kilogram		R8,160	R5,904
— per ounce		U.S. \$304	U.S. \$200
Revenue — per ton milled		R49,111	R64,161
— per ounce		U.S. \$301	U.S. \$201
Costs — per ton milled		R27,681	R36,441
— per ounce		U.S. \$173	U.S. \$82
Profit — per ton milled		R21,430	R27,720
— per ounce		U.S. \$132	U.S. \$119
URANIUM			
Tons treated — 000's		3,326	1,366
Recovery — tons oxide		417	117
— kilograms per ton		0.125	0.086

The annual general meeting of the company will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, on Monday, 28 April 1980 at 11.15 a.m.

Note: Copies of the Chairman's Statement and Annual Report will be sent post-free on application to:
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Barnato Brothers Limited
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Tel. No: (01) 588-7011

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Tuesday April 22 1980

The rate for a proper job

DURING THE past few months the Government has been enacting an increasing number of serious problems over its relationship with State-owned industries. Its attempts to impose strict financial controls have prevented it from following its own philosophy of disengaging from industrial affairs and, as a result, its relationship with the State industry chairmen have worsened.

This was demonstrated last week when Sir William Barlow announced his departure from the Post Office Corporation and refused to become chairman of British Telecommunications when the Post Office is split in two next year. His decision was not prompted by a major policy row. Instead it was the result of months of frustration trying to run a major business with little freedom from Government interference.

Candidates

It therefore has a broader importance because it focuses attention on the issue of how these industries are run and how their chairmen are treated. It is not without significance that Sir William has retired at a time when the Government has spent months trying to find suitable candidates for two of the country's most troubled industries, steel and shipbuilding.

There are two main areas which cause problems. First there is the lack of entrepreneurial freedom allowed by Ministers, and the need for detailed accountability both to Government Departments and to Parliamentary select committees. Second, there is the migration of pay, with most major nationalised industry chairmen receiving between £40,000 and £50,000 a year, which is roughly half the equivalent rate in the private sector.

Sensitive

The problem of political interference affects all industries, although its seriousness varies. It is most noticeable when an industry, such as steel, is doing badly, or when it operates in a specially sensitive political area (such as the BNOG whose chairman yesterday pleaded that it should not become a "political football"). Utilities like the post office also

come in for extra interference because of the political pressures felt by Ministers in Parliament.

The need for Ministers to take a direct interest in these businesses is not questioned. But the Government should be prepared to leave the chairmen alone once overall plans and targets have been agreed. Chairmen and the nationalised boards should then be allowed as much commercial freedom as possible. For example, if the Post Office can raise the £150m it wants for its growing telecommunications business from the financial institutions without involving the Government in providing guarantees, then it should be allowed to do so. Instead what happens is that the chairmen feel that their ability to run their businesses along sound lines is affected by the current political vogue among Ministers.

They therefore have a much more complicated job than their counterparts in the private sector who have more clear cut responsibilities to shareholders. Chairmen consequently find it more difficult to develop decisions, make, and often have to go to Whitehall themselves for the last say. Yet they are poorer paid and their salaries during much of the 1970s were held down because of Governments' pay restraint policies. So there is dissatisfaction among the chairmen about the way that Governments have delayed implementing reports from the Royal Commission on two salaries which recommend their pay levels along with those of other public servants such as judges, civil servants and senior armed forces officers.

Compete

There may indeed be a case for removing the chairman from the Royal Barlow Report because the role of the people covered does not work in an area where there is a free job market. The Government could then compete with the private sector when hiring chairmen and board members, and more could be paid to other levels of senior management.

The time may now be ripe therefore for the Government to learn from its current problems that more financial rewards and greater freedom from Whitehall are needed if it is to recruit and retain the best chairmen.

Brazil faces problems

THE ARREST on Saturday morning by the Sao Paulo police of Sr. Luis Inacio da Silva, "Lula," Brazil's best known trade union leader, bears witness to the difficulty and complexity of the process of liberalisation now going on in the biggest country in Latin America. Coming as it did within hours of the authorities' take-over of the metalworkers' union of Sao Bernardo, in the industrial belt of Brazil's largest city, it must be seen as the sternest of warnings to the workforce that has been on strike for most of this month.

Precarious

In Brasilia the Government of Joao Figueiredo is attempting to tread a precarious political course. On the one hand it is trying to usher in long delayed measures of political and economic reform which will meet popular demand for a more equitable distribution of the fruits of the growth Brazil enjoyed in the 1970s. On the other hand, the economic team is wrestling with a foreign debt which is more than \$52bn and which is getting increasingly burdensome as oil prices and interest rates rise. Too rapid a political evolution, the Government argues, would frighten off lenders and plunge Brazil into financial chaos, while too slow a progress towards political and economic democracy would run the risk of provoking popular impatience.

With such a delicate task to carry out it is important that General Figueiredo exercises restraint and diplomacy himself and—no less important—makes sure that the same qualities are exhibited by his subordinates in the Federal and State Government. Earlier this month he decided to dismiss General Serpa, a senior officer of the extreme right who was becoming an obvious embarrassment with his constant and ill-judged political pronouncements.

If the insistent reports from Brazil are proved to be accurate and it is shown that the arrest of Lula and a score of colleagues at the weekend was the result of local political initiatives carried out without the approval of the Federal Government then those responsible must be reined in. Brazil cannot risk a major labour and political crisis in order to satisfy

the ill considered whims of a small authoritarian group in Sao Paulo.

The way must be opened as soon as possible for the release of the detainees and a reasonable pay settlement which was on the verge of being agreed in the middle of last week between the union leadership and the employers.

Rights

Neither the Government in Brasilia nor labour in Brazil, organised or non-organised, has much to gain from any increasing polarisation of political attitudes. While the Government pursues measures of liberalisation including the continuing moves towards real rights for genuine political parties and the dismantling of what remains of the censorship system the opposition would be unwise to harass it excessively. For its part, the Government will gain no real advantage by describing the genuine grievances that the workforces have over wages and salaries at a time of rapidly rising prices as merely the result of Communist agitation. The Brazilian Communist Party is in the middle of major internal quarrels which have ranged its leader, Sr. Luis Carlos Prestes, against the central committee. As a result, it is not a political force whose power is in the ascendant at the moment.

The situation in Brazil this month contains some pointers for the foreign observer. The principal is that he must not become too alarmed at the increase in work stoppages. They are an inevitable concomitant of the political process that the country is undergoing and to which both employers and employees are having to accustom themselves.

Foreign debts

An important secondary one is that the Brazilian Government must be given time to deal with the big problems that face it in the external sector. Leaving aside the discussion about who is responsible for the big foreign debt burden that the country has amassed, Brazil's partners must realise that it will hardly be able this year to meet its debt obligations and continue to import far more than it exports. It has hitherto been used to

OIL GIANTS' INVESTMENT IN U.S. RESERVES

The Seven Sisters back coal as the fuel of the future

BY RAY DAFTER AND PAUL CHEESERIGHT

U.S. COAL SUPPLY AND DEMAND 1977-1990

(in tonnes)

	1977	1978	1979	1980	1980	1990
				estimate	most likely	
SUPPLY						
Eastern mines	478.4	425.4	507.5	508.8	558.7	667.6
Western mines	148.7	167.6	196	214.1	322.9	466.2
Total	627.1	593	698.5	722.9	881.6	1,133.8
DEMAND						
Electric utilities	431.5	424.5	478.9	503.4	644.8	869.8
Coking coal	70.2	64.5	69.8	68	68	68
Industrial and retail	61.1	61.4	64.2	69.8	88	113.4
Synthetic fuels	—	—	—	—	—	10.9
Total	562.8	550.3	612.9	641.2	820.8	1,062.1
EXPORTS						
To Canada	15.6	13.8	17.2	17.2	18.1	21.8
Elsewhere	33.1	22.3	41.7	45.4	49	59
Total	48.7	36.1	58.9	62.6	67.1	80.8

Source: National Coal Association

century. Again, according to Exxon, non-communist world coal demand should rise from the recent level of around 1.3bn tonnes annually—the equivalent of 17.4m barrels a day of oil—to around 3bn tonnes (some 40m b/d of oil equivalent) by AD 2000.

Industry estimates which include the important communist producers like Russia, Poland, and China, suggest that total world production could rise from around 2.6bn tonnes now to between 5bn and 8bn tonnes by the turn of the century.

Mr. Peter Barendsen, chairman of Shell Transport and Trading, summed it up when he spoke to the Coal Industry Society in London in February: "Coal is destined by sheer necessity to take the place of

oil in a partnership with St. Joe Minerals, a deal that also gives Shell a 50 per cent stake in the A. T. Massey coal company. Massey, a St. Joe subsidiary, holds reserves of about 1bn tonnes, mainly in the Appalachian states. It is also the second biggest coal exporter in the U.S.

The agreement provides Shell with an opening into America's coal exporting sector. The U.S. is expected to account for almost 50 per cent of free world coal output by the turn of the century. It is quite possible that between 5 and 10 per cent of this output could be assigned to the export market. Much of this U.S. coal could be sent to Europe. Exxon reckons that coal imports into Western Europe, where production is expected to rise only modestly, could account for 40 per cent of consumption in AD 2000 as against 15 per cent in 1978.

The U.S. has provided a solid base for the oil industry's diversification into coal. During the last 15 years oil companies, large and small, have become involved in coal production—among them Exxon, Mobil, Atlantic Richfield, Standard Oil of California, Standard Oil of Ohio, Diamond Shamrock Oil and Gas, Husky Oil.

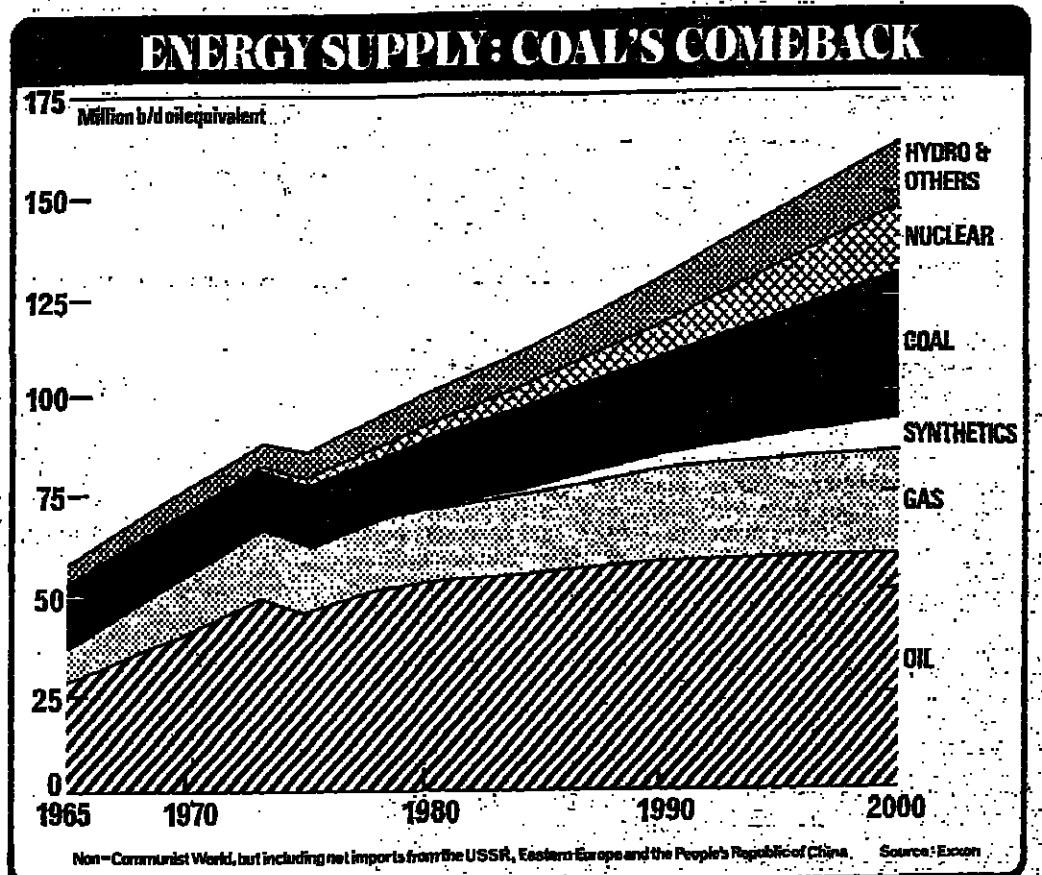
The National Coal Association estimates that oil groups now account for 21 per cent of production and hold 25 per cent of the reserves. Other industry estimates show that by 1985 about 40 per cent of U.S. coal output could be in the hands of oil-based companies.

The trend started in the early 1960s when Gulf Oil took over Pittsburgh and Midway Coal Mining Company, and Continental Oil acquired Consolidated Coal. British Petroleum earned a major stake in the U.S. coal industry through its interest in Standard Oil of Ohio (Sohio) which owned Old Ben Coal. BP,

oil... after 20 years will be downhill all the way

oil as the swing fuel for the remaining part of this century and possibly beyond. We have now entered an era where both economics and politics are pushing coal on to the energy stage."

Shell expects to invest between £100m and £200m annually on its coal development. At the moment the amount of coal traded internationally is small by world energy standards: some 200m tonnes a year, three quarters of which is earmarked for the steel industry. Only 50m tonnes or so is thermal coal, used for steam raising. Shell reckons that this trade in steam coal could grow by 500 to 1,000 per cent in the next 20 years. With this in mind Royal Dutch/Shell is investing \$650m



like Shell, a relative latecomer to the coal industry, now claims to be the eighth largest private sector coal producer in the world. The group's saleable coal reserves are estimated to be 1.2bn tonnes, almost half of which belong to Sohio.

BP is rubbing shoulders with Shell in its race for international coal trade outside the U.S. At the moment BP is moving some 7.5m tonnes annually (excluding Sohio's sales); by 1985 it aims to be trading around 20m tonnes a year.

Even so, both BP and Shell remain heavily committed to U.S. coal. Shell first became involved in American coal production during 1977, when Houston-based Shell Oil acquired Seaway Coal Company of Ohio. It fell into line with American major oil companies which saw coal meeting a growing proportion of the domestic U.S. energy requirements.

The companies, says a Harvard Business School student, considered coal a potential feedstock for refineries and petrochemical plants. "The lure of synthetic fuels led them to acquire coal, particularly in the West, where at the time no large market existed for steam coal."

Hopes of a quick and profitable movement into synthetic fuels in the mid-1960s were quickly blunted by high costs. But the rise in oil and gas prices has lately revived hopes that this area could provide new markets in the 1980s. By 1990, the U.S. National Coal Association estimates, synthetic fuels will need 10.9m tonnes annually.

In the shorter term the U.S. drive to hold down oil imports and use other fuels offers new possibilities for coal. The Carter Administration's target of 1.47bn tonnes of coal production by 1985 will probably not be met—there are physical limitations on the amount of coal which can be used—but the market is expanding.

Another major energy study, this one by the Ford Foundation, notes that oil companies have the capital to strengthen the coal industry. This capital would be badly needed as mines became larger and electricity utilities demanded large, dedicated tonnages for their big power plants. "The financial resources of the oil industry and other large firms that have acquired or created new coal companies should help coal compete more effectively."

Funds are now being pushed rapidly into new U.S. mines. In the West, for example, Exxon is expanding production sevenfold to 32.6m tonnes annually by 1985. Atlantic Richfield is planning 1980 output of 9.1m tonnes at its Black Thunder mine in Wyoming, compared with 5.5m tonnes last year.

This sort of development is boosting the importance of the mines in the West—for the most part open-pit pits containing low sulphur coal. They complement those in the east which are largely underground with coal carrying a higher sulphur content.

The National Coal Association estimates that by 1990 production from the West will have reached 466.2m tonnes against 198m tonnes last year. Output from eastern mines in 1990 is expected to be 667.6m tonnes against 502.5m tonnes in 1979.

But there are several reasons why these projections could be too high. The shortcomings

of the railways limit mass coal distribution and create a heavy drag on profitability. Coal costing about \$7 a tonne when shipped from Gillette, Wyoming, can cost around \$28 by the time it reaches Tampa, Florida. And the railway companies appear to be adamantly opposed to coal slurry pipelines, which cannot be laid without crossing railway land.

State governments are keen to see coal development controlled so that the associated social dislocation can be kept to a minimum. At the same time, environmental controls are becoming more onerous. The federal Surface Mining and Reclamation Act, 1977, has put severe limitations on the way mining can be carried out and demands costly reclamation programmes.

All these problems add to the general rise in mining and transport costs. They make it harder for the small operators to compete. The gradual departure of the smaller companies from the industry has already started, particularly in the East. As the trend con-

tinues, the role of the oil companies could become pre-eminent.

Concern about this has been expressed sporadically in Congress. Every now and again there occurs a political movement to restrict the diversification plans of oil companies; abortive attempts have been made to introduce "horizontal divestiture," a means of stripping oil companies of their non-oil businesses. However, pressure for these changes seems to have eased in the current environment of uncertain energy supplies.

The Federal Government has it within its powers to hold back the oil companies. Federal lands in the West contain some 70 per cent of the coal reserves west of the Mississippi. Leasing of new reserves resumes next year, ending a moratorium which has been in force since 1971. How the Government disposes of the leases will help to mould the shape of the coal industry, both in domestic and world trade terms, for the rest of the century.

Similarly, much will depend on the way that other major coal producing governments, in Australia and Africa, encourage mining development.

None of the oil companies underestimates the stumbling blocks to the development of the U.S. coal industry and the international coal trade, particularly environmental concerns and the high capital cost of coal expansion. (Shell believes that between \$150bn and \$200bn (in 1980 dollars) will be needed to meet coal expansion in the non-communist world over the next two decades.) Then there is the task of building ports, railways and ships, all of which are presently inadequate to handle the amount of coal movements envisaged.

As a measure of this particular problem, it is estimated that between 800 and 1,000 new coal carrying ships will be needed over the next 20 years—oil companies believe that many of them will be coal-fired. "Energy Future—report of the Energy Project at the Harvard Business School," edited by Robert Stobaugh and Daniel Yergin, Random House, 1979. "Energy—The Next 20 Years: report sponsored by the Ford Foundation, administered by Resources for the Future, Baltimore. Publishing, Massachusetts, 1979.

MEN AND MATTERS

Fat, the forces' new enemy

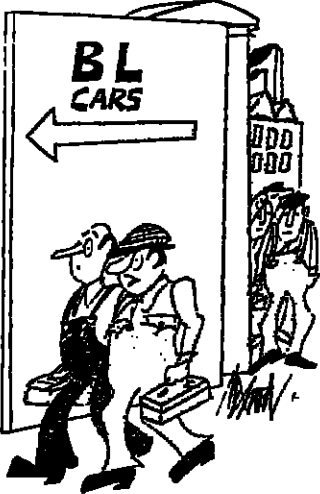
ALREADY BURDENED by the pundits' charges that they are under-manned, and under-armed, Britain's armed forces are now having to face up to the accusation that they are growing fatter. The Ministry of Defence yesterday confirmed the view of Glasgow University researchers who claim, somewhat ponderously, that "obesity is becoming an increasing problem in the services."

To discover how bad the problem is, the Ministry has commissioned Glasgow's Professor John Durnin to apply his anthropometrical skills to the soldiers and draft new tables relating weight to height and body build. Existing tables, Durnin's staff say, like those found on weighing machines, and in the front of your diary, are based on data obtained from corn-fed Americans and do not necessarily hold good for the average Briton.

Funded with a £78,000 hand-out from the defence budget, Durnin is to spend three years with tape measure, scales and computer compiling new data from 10,000 assorted bodies—half of which will be military. The MOD says that while the information gleaned will probably be made freely available to the medical profession and anyone else interested, the object of this exercise is to help the forces update their fitness assessment methods. It will also be useful for forces designers who need to be sure that recruits can get comfortably in and out of uniforms, tanks, aeroplanes.

Punt not taken

Ripples from the break between sterling and the Irish pound are still spreading. Latest to feel the backwash is American Express, which, claiming that conversion to the punt would be too costly, still bills Irish



"Sometimes I don't know whether I'm coming or going."

customers in British pounds. This, combined with difficulties encountered during last year's long postal strike, has encouraged the Irish banks to move strongly into the credit card field under the banner of Access and Barclaycard. In its first counter-move Amex has begun to circulate its Irish clients with a questionnaire, seeking among other information comments on its service. Considering the nationalists' delight when the punt was introduced from sterling, I should think it will be receiving some pretty salty replies.

Cutting it fine

While I am duly impressed by the ability of Loadpoint to saw a pin into quarters lengthways, I have to admit I cannot quite see the point of it. Neither, it turns out, can the company itself.

Loadpoint, formerly the abrasives division of the Swindon semiconductor company Semtron, describes itself as a supplier of machine tools to the microchip industry. Ten years ago, says director John

Sweet, it started developing tools for slicing chips out of silicon wafers. Now it is marketing high-precision cutting equipment which can slice up pins and virtually any other metal object.

The tool is an extension of techniques perfected by the company for use in non-destructive testing. Rolls Royce, for example, has bought a gadget which is used for cutting slots down to 1,000th of an inch wide in parts of planes and their engines. The object is to simulate the cracks produced by metal fatigue.

Limited as the market seems for pin cutters and the like, Sweet is indomitably cheerful. "This is it," he says. "We have got the solution. Now we have to look for the problems."

Rocking back

The future caught up with Tony Dyson two years ago. For two years previously he had built up the reputation of the White Horse Toy Company on the merits of its main line: reproduction Victorian rocking horses. But the pattern of his business changed radically when he found his company's skills with plastics and glass fibre in demand among film makers. In 1978 the rockers were shelved as order-rolled in from the entertainment world and the wider realms of industry.

The version of the robot R2D2 seen in the Star Wars sequel comes from the White Horse works in Witney, along with fairground waltzers, cars for the Superman sequel, lorry cabs for Foden and aerodynamic car bodies for March and Ligier.

The surge in orders and diversification forced Dyson to move into a larger factory which has given him the space to take the rocking horses out of mothballs and start production again. But it has also given him room to set up a production line for his most

ambitious project yet, which he hopes to launch next month under the title of his latest company, Androids Ltd.

He has been convinced by his U.S. backers and his own experience in what he calls "imaginative electronics" that there is a market for domesticated robots.

To start, White Horse will produce a modest little (13 ft 6 in) fellow whose friendly exterior will house a TV monitor and hardware enough to let it carry out domestic tasks like keeping the kids amused and helping (rather with his homework).

"Children will be able to play games on the screen, and, according to the software used, it will remember recipes, keep the family accounts and even reproduce educational courses," says Dyson.

Considering the price of £4,000 to £5,000, I must say it looks to me like a mighty expensive substitute for the family budget.

High rise

Well aware of the chill which has surrounded their arrival in Cairo, Israeli embassy staff were diplomatic enough to book a room of only modest proportions for their national independence day party on Sunday. Although they were liberal with the invitations, only a handful of senior Egyptian officials turned up.

Other rooms are proving more difficult to find. Apart from two embassy secretaries, the rest of the Israeli delegation is still camping out in hotels. Cairo landlords, I hear, are not keen to rent houses and apartments to their partners-in-peace, and are quoting prices ludicrous even by highly inflated local levels. The ambassador was recently asked to pay almost £10,000 a month for somewhere to live.



She is one of many for whom RUKBA is providing an annuity and, if required, a Sheltered Flat, a place in a Residential or Nursing Home. People like her are RUKBA's care, the impoverished or infirm elderly of professional or similar background who once did so much for others, and are today struggling to exist themselves. We need your help now to protect them. One day you may need help.

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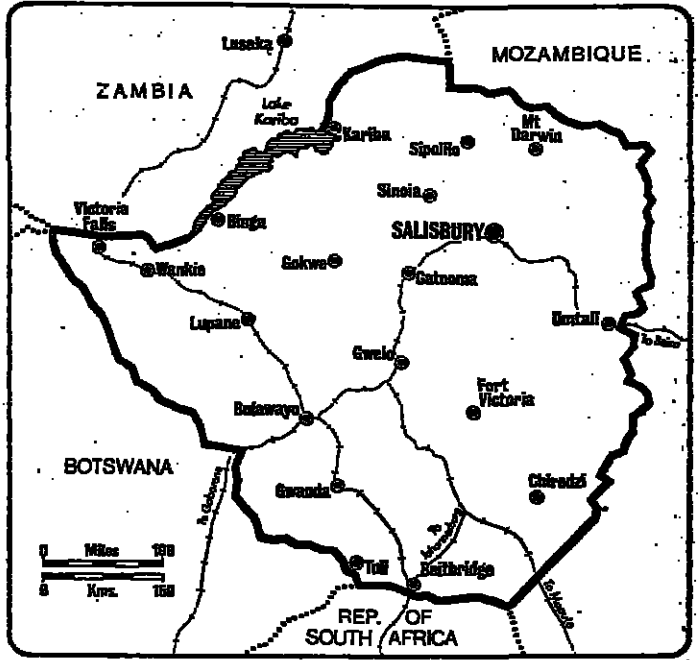
FINANCIAL TIMES SURVEY

Tuesday April 22 1980

ZIMBABWE

After fifteen years of illegal independence and seven years of bloody guerrilla war, white-dominated Rhodesia has finally given way to black-ruled Zimbabwe. The new rulers take over a country with a strong industrial and economic base and of potentially great influence in a turbulent continent. But they first face the daunting domestic tasks of resettling refugees, unifying the armed forces, reconciling blacks and whites and consolidating their authority.

A nation plans its future



Mr. Mugabe takes the oath of office at the Independence ceremony

In this survey, the following abbreviations recur: Zanu (PF): Stands for Zimbabwe African National Union (Patriotic Front), the party led by Mr. Robert Mugabe, the Prime Minister, which won a landslide victory in February's election. Often known as Zanu, the party is to be distinguished from the Rev. Ndabingi Sithole's Zanu, which won no seats. Zanu (PF)'s military wing was known as Zanu, the Zimbabwe African National Liberation Army.

Nkomo which campaigned in the election as the Patriotic Front. The Patriotic Front was originally the loose alliance which existed between Zanu and Zapu before the cease-fire in the guerrilla war. Zapu's military wing was known as Zipra, the Zimbabwe People's Revolutionary Army.

UANC: Stands for the United African National Council led by Bishop Abel Muzorewa, the former Rhodesian leader who took over the premiership under an internal agreement with Mr. Ian Smith. Mr. Smith leads the Rhodesian Front (RF) party.

Currency in Zimbabwe dollars unless stated otherwise.

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BASIC STATISTICS

Area 390,250 sq km

Population 7.5m

GNP \$2.5bn (£1.75bn)

Exports (1979) \$700m (\$485m) (including gold)

Imports (1979) \$590m (\$410m)

Currency = Z\$ £1=144c

The bulk of this survey was written as Zimbabwe prepared for its independence celebrations last Friday.

"ALMOST A MIRACLE" that is how one white Rhodesian described his country's final transition to legal independence as Zimbabwe last Thursday night. After 90 years of controversial white minority rule, nearly 15 of Mr. Ian Smith's UDI and seven years of brutal civil war, the pariah Rhodesia assumed its new status under an elected black majority Government last week in peace and international goodwill. It is a remarkable tale.

The war took a horrendous toll: 27,000 people killed, 10 times as many wounded, and at least 850,000 made homeless. Few people would have believed even this time last year, that against that background the war could have been so speedily ended. Even fewer would have believed that majority rule elections could be supervised by Britain in the wake of a successful ceasefire, to produce a black Government quite clearly commanding overwhelming support of the country's 7.5m people.

That the Government should be headed by a man the former regime labelled as a Marxist terrorist and that he should now be assuring those same people and their followers of a place in a future Zimbabwe sun seems to compound the amazement and underline, perhaps, the seemingly miraculous nature of the last few months' events.

But if Mr. Mugabe, Zimbabwe's new Prime Minister, his Cabinet and all those others who are in charge of the new nation's destiny had been tempted into an euphoric mood last week, a tougher reality must now impinge. What sort of coun-

Surprised

Last February's election, with its massive vote resulting in 57 of the 80 black seats for Zanu (PF), took most pundits. Many Zimbabweans and the British Government quite by surprise. Some fast and fancy footwork was to be observed on all sides as the implications of the victory were digested and then broadly welcomed.

Mr. Mugabe's triumph was so complete that his right to rule could not be questioned. But if the vote showed the new Prime Minister's strength in the country at large, it also strengthened his hand within his own party. Robert Mugabe, the austere man of principle, has shown consummate political skill since late 1974 when he challenged the former Zanu President, the Rev. Ndabingi Sithole, for the party leadership and then later, in Mozambique, presided over the party's transformation into a guerrilla based organisation.

The balancing act Mugabe has performed within Zanu, bridging the old style nationalists and the more radical ideologies as well as coping with tribal splits and differences within the majority Shona speaking group, has never been easy and it is not now.

Paradoxically, perhaps his major problem could prove to be not with his own party, nor yet with those who so resoundingly lost the election, but with Zanu's coalition partner, the Patriotic Front led by Mr. Joshua Nkomo.

Bishop Muzorewa, the former Prime Minister, and leader of the United African National Council, won only three seats in the February poll. He has thus no power base from which to challenge Mr. Mugabe. Abandoned by the whites who gave him the chance to come to power in 1978 and without any armed support—the security force auxiliaries, originally recruited as his private army, have virtually all been demobilised—Bishop Muzorewa and his party will almost certainly disappear into

oblivion in the next few months or years.

The whites who backed Muzorewa are of course a different matter. Their attitudes, examined below, will be critical to the success and stability of Mr. Mugabe's first few years, but the danger of a white-led army coup or other sort of overt white backlash seems infinitely less real than it did before the election.

The problems surrounding the Government coalition are however quite real, if not necessarily an immediate threat to stability. Mr. Joshua Nkomo, who negotiated the Lancaster House agreements with Mr. Mugabe under the umbrella of the Patriotic Front, won 20 seats in the National Assembly and was immediately invited by Mr. Mugabe to join his Government. Mr. Mugabe did not need the alliance in parliamentary terms, but saw it as vital evidence of the need for a "broad based Government of national reconciliation."

Critical

Mr. Nkomo's vote (to his profound disappointment) came predominantly from the minority Shindebele speaking provinces of Matabeleland, where Zanu is barely represented. Also critical was that the PF has some 12-15,000 well-trained men in its Zipra army, who had well established bases in neighbouring Zambia.

So far, as Mr. Mugabe indicates in an interview reported in this survey, the alliance has not worked well. While both sides publicly and no doubt sincerely speak of the need to heal the nation's wounds, there is very considerable mutual distrust. ZANU appointees in key position "monitor" their PF colleagues. The PF leadership is disheartened by its failure in the election either to win outright or be in a position to lead a coalition Government.

Mr. Nkomo, who runs his party with strong personal discipline, does not take readily to a subsidiary position. Negotiations over his Ministry of Home Affairs portfolio (he was offered the titular Presidency but refused it as being without sufficient power) were difficult, while PF leaders feel that they were ill-treated in the allocation of "compensatory" Senate seats.

Another bone of contention between the two parties are relations with the Soviet bloc which backed Nkomo and refused arms to Mugabe during the guerrilla war. The Government's failure to invite East

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Our greatest asset

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The Anglo American Corporation is an international mining finance house with widespread interests in many countries. In Zimbabwe, the Group's activities embrace chrome, coal and nickel mining; sugar and timber growing and processing; citrus and livestock, as well as financial institutions, industrial operations and foodstuffs.

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The Anglo American Group in Zimbabwe

ZIMBABWE II

Economy to expand for first time in five years

AFTER FIVE years of economic decline that reduced real income per head below 1965 levels, Zimbabwe will this year enjoy its first real economic expansion since 1974. The economy's performance in the late 1960s and early 1970s was very impressive indeed. Despite sanctions, it managed to grow at an average annual rate of 8.6 per cent a year between 1968 and the end of the boom in 1974.

It was then that the unhappy combination of the international recession, mounting political uncertainty, a growing exodus of whites, and above all, the escalating war, pushed the economy into prolonged decline and real Gross Domestic Product fell 13.5 per cent between 1975 and 1979.

The recession was at its worst in 1977 when real GDP fell more than 7 per cent and the decline began to lose momentum in mid-1978 though last year 10 per cent rate of growth, at current prices, was insufficient to keep pace with inflation and real GDP fell again by close on 1 per cent.

In 1980 however, this pattern should be reversed. On current estimates, GDP at current prices will grow between 15 per cent and 20 per cent, which, after allowing for double-digit inflation, should mean real growth of at least 4 per cent and possibly as high as 6 to 7 per cent. Whether the real growth rate will be at the upper or lower end of this spectrum is likely to depend on three crucial imperatives.

Inflation

The first is the inflation rate. Zimbabwe had its first taste of double-digit inflation last year when prices rose at an estimated 11 per cent, which was largely the result of higher imported oil and food prices. The cost of oil imports doubled adding at least 7 per cent to the inflation rate, but this year it is possible that there could even be a temporary reduction in petrol prices because Zimbabwe can now buy its fuel at official OPEC prices rather than in spot markets. In addition, there could be some reduction in transport costs, to the extent that Beira is brought back into use as a fuel supply port.

The recent 3.9 per cent devaluation of the Zimbabwe dollar and the termination of the so-called sanctions premium on imports, should depress import prices. Upward pressures on food prices will remain, but

the new Government is expected to reduce consumer inflation by cutting the flat rate of sales tax from 15 per cent to 10 per cent in the July Budget.

But there will be very strong cost-push pressures especially from labour. Recent industrial unrest has already shown that the black majority is impatiently awaiting a real improvement in its lot and businessmen are resigned to substantial increases in money wages later in the year.

On the demand side, it is clear that as investment recovers and both domestic and external demand increase, there will be very considerable demand increase, there will be very considerable demand-pull pressures exerted against a background of physical production constraints in respect of skilled manpower, some imported inputs, industrial capacity and transport facilities. Thus, although the decline in the inflation rate that started last October may be maintained through the first half of 1980, an upturn is anticipated in the latter half of the year and the country will be lucky to escape with inflation of less than 12 to 14 per cent.

The second major impermissible relates to the impact of Government policy on investment decisions and on skilled white manpower. The signs to date are that the new Government, having learned from experience elsewhere in Africa, is likely to adopt a moderate and pragmatic economic policy stance—at least in the immediate future. The reasons for this are obvious.

First, as President Machel's recent policy pronouncements indicate, there is a new wind of change blowing through Africa that favours the mixed, as distinct from the purely socialist, economy.

Then, although Mr. Mugabe's Zanu (PF) is committed to the establishment of a socialist economy, the hard fact is that it desperately needs very substantial foreign investment from abroad, much (probably most) of which will have to come from private sector sources rather than official agencies or in the form of bilateral assistance. This reality is likely to restrain the radicals in the party who want a rapid restructuring of the economy along socialist lines.

Furthermore, white skills and expertise are needed. If there

were to be a white exodus along the lines of those experienced in Angola and Mozambique, the strong likelihood is that 1980-81 would be years of continued economic decline rather than strong resurgence.

The third impermissible concerns commodity price movements—especially those of metals—during 1980. The 1979 surge in the gold price increased Zimbabwe's foreign earnings from bullion sales by close on 80 per cent, making gold the country's chief export once again. After a mediocre agricultural season, current forecasts suggest that mining will spearhead the anticipated 35 to 40 per cent growth in exports this year. The weaker metal prices

deficit which in 1979 is estimated, at just over \$200m leaving a current account deficit of \$90m.

This compares with a surplus on current account of \$12m in 1978—the explanations for this being a marked deterioration in Zimbabwe's terms of trade, chiefly caused by higher oil prices, and the policy decision to allow imports to rise more rapidly last year and help the economy recover from recession.

However, there was a net capital inflow of \$80m (mainly on Government account with borrowings exceeding \$125m), leaving a small overall deficit of the order of \$10m.

Forward projections of the balance of payments position reflect a continuation of these main trends, though in the case of imports the assumption, indeed hope, is that import growth will be volume rather than value in nature, whereas in 1979 it was the steep rise in import prices, specifically imported fuel, that accounted for much of the increase in the import bill.

Last year, Zimbabwe's terms of trade deteriorated by 16 per cent and the country now has to sell nearly twice as many exports, in volume, to purchase the same volume of imports as it did prior to UDI in 1965. The lifting of economic sanctions and the access to OPEC oil supplies at official prices rather than in spot markets, along with the elimination of the sanctions discount on exports, should mean a significant improvement in Zimbabwe's terms of trade in 1980, but they will still show a deterioration of some 35 per cent to 40 per cent since 1965.

The expectation is that exports in 1980 will rise very strongly indeed from last year's levels of \$700m to between \$900m and \$1bn—a growth rate of between 30 and 40 per cent.

Imports are expected to increase much faster, growing by more than 50 per cent this year to above \$900m.

After allowing for a continued rise in the deficit on invisibles, there is likely to be a current deficit of at least \$200m, or double that experienced last year. Thus, there will have to be heavy capital account borrowings from abroad, not only to finance the current account deficit but also to help meet the backlog of payments on capital account itself in respect of blocked funds and possibly also to help

of the past few weeks, if maintained over the year, would necessitate some downwards revision of export forecasts.

Whatever happens on the export front, the foreign exchange constraint on the economy will be very tight, substantial inflows of foreign aid and investment notwithstanding. Official 1979 balance of payments figures have still to be published, but informed estimates suggest that last year exports (including gold) increased by about \$100m or 16 per cent to almost \$700m while imports grew nearly 4 per cent to \$850m leaving a visible trade surplus of \$115m as against \$173m the previous year.

But being a landlocked country, Zimbabwe has a very heavy deficit on services—freight and service charges, foreign travel, fares, etc.—of around \$140m. In addition, net outflows on investment account and transfers (pensions, migrants remittances, etc.) add a further \$60m to the invisible

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ZIMBABWE IV

Mr. Robert Mugabe, Independent Zimbabwe's new Prime Minister, talks to the Financial Times in the office formerly occupied by Mr. Ian Smith, the former Premier who led Rhodesia to an illegal independence and seven years of a bitter guerilla war. Mr. Mugabe was branded by Mr. Smith and his white Government as a "Marxist terrorist". Bridget Bloom and Michael Holman asked him whether he intended to follow Marxist policies, and about his policies on foreign investment, the country's debts and its relations with Britain and other countries. Excerpts from the interview, given by the Prime Minister a few days before independence, follow.

'We want to take the people with us'

Q. Your Government has followed a moderate course since the elections, assuring whites of their future, while you have yourself said that the structures you inherit can only be changed very gradually. That does sound like Marxism. Will you follow Marxist policies?

A. I don't know whether it's the pace Marxist Governments take, whether they move radically as a matter of course, or whether they take steps in accordance with circumstances which they find.

We have decided that it is necessary to take into account the actual circumstances in which we find ourselves. It doesn't pay moving radically when doing so disrupts the basis of your socio-economic system. In the final analysis, you stand to lose rather than gain anything.

We have Socialist principles—derived from scientific socialism, some of them—but there are certain things we don't accept. If other countries have established regimentation in their own environments and used compulsive measures—well, we are not made that way. We want to believe that we are taking the people with us in whatever we do.

Hence, it is necessary that the combination of our principles from Christianity, and certain others from our tradition, produces our blueprint for Socialism. Even if we had to apply the dry principles of Marxism, we would still have to take into account the realities of our country.

We are not militaristic, we don't want to be, and where they show resistance to any plan that we have, we've got to adjust and try to persuade them to see things our own way. This is the realism. But we are not

moving gradually, really. We are moving quite fast in certain areas. Gradually in the sense that we have got to see what the problem is, what the needs are, the need for change in all sectors—that, of course, requires gradual viewing of the situation, and it must of course produce the plan in which we will be quite radical in effect.

If we proceed as we intend to with the land resettlement, that is going to be very radical. As we proceed with the integration of the army so we have one national army, that too will be radical.

Then we will obviously also ensure that in the private sector you have a wage structure which will bring wages up to a level where we think they are wages that will enable people to feel they can look after their families and will not be just subsistence—in fact, below subsistence—which they get now.

But our Socialism must be realistic. It must never assume that in the end there won't be any private enterprise. I don't think you'll ever get to a situation where everything belongs to the State—it would be absolutely ridiculous, there must be some forms of property which continue to belong to individuals.

I think it would also cut across our tradition if you said a person was not allowed to own his 10 head of cattle or to have a plot which he can call his own—that kind of thing we cannot tolerate and our people will never put up with it. So, whichever way it goes, really, in the final analysis, you must have a sector which must reflect individualism.

Q. Where does the private sector, including the multinationals fit?

A. I'll leave things as they are, but ensure that the profits

and dividends that accrue are ploughed back as investments in the country, and in the case of multinationals, the margin of profit which they transfer outside the country as dividends really has to be small. They were assuring me, those I talked to like Rio Tinto, that in fact the margin of profit that goes out by way of dividends that accrue to investors abroad is very, very small.

Q. Do you believe that?

A. They showed me figures and I must believe the statistics, unless they're cheating on them, which I don't believe they are.

Q. In your party manifesto you have said you will examine the possibility of State ownership or partnership in the mining industry.

A. Yes, yes, a kind of partnership. I've discussed this with some mining representatives and they all say they don't want to see that. It will ruin the mining industry and bring things to a deplorable stage. They instanced Zambia as a country where this had been done and the result was not desirable.

Q. One has to study the economic history of Zambia to come to a definite conclusion but I believe it can work. It has worked in certain situations, but we are not in a hurry about that.

If the companies don't like the State as a partner, we cannot force ourselves into a partnership with them. I think we are quite happy in that there are some areas where the State has a lot of control—in the area of agricultural products for example, the State facilitates the marketing of the products. And the State runs the education and the health services in the country. You have statutory bodies which are as good as corporations in Britain, and there is quite a vast area where there is State participation already.

Q. Does that mean that you would therefore not want to take over companies or do you think you would wait...

A. No, I think we had better wait and examine the situation rather than take rash action.

Q. You have said that you would honour the previous Government's cash debts but not its arms deals. Can you be more specific?

A—I don't have figures. In fact I haven't seen any "arms deal" written anywhere. Perhaps I'm yet to go through the files and see what happened in the way of negotiations in the past, but I'm assured by the Treasury—Mr. David Young is the Permanent Secretary there—that no cash loans speak of any "arms deals".

Q. Deals, of course, we will honour if they were debts used for helping in the rectification of deficits in the budget and also our balance of payments. Those we are able to honour regardless of the source. But where we can actually pinpoint that this is an arms deal and that the burden is being passed on to us, of course we would hesitate to take it on or assume obligation in respect of it.

ON RELATIONS WITH SOUTH AFRICA
Q. Will your Government maintain the diplomatic and trade office which Rhodesia had in South Africa?

A. The office we inherited was established by the previous Government. We haven't turned our attention to diplomatic relations with South Africa. We will have to do this after independence and will decide in the circumstances whether we should retain the office or abolish it. For now we'll leave things as they are.

Q. South Africa appeared hostile to the idea that you might win the election. Is South Africa a threat to your Government's stability now?

A. No, I don't think that is any threat just now. I think South Africa has also adjusted its attitude towards us. I think in the context, where the whole international community has accepted the election, it would be absurd for South Africa to be adopting a different attitude from the rest of the world. It means that they too must recognise our Government. I hope they will.

Q. Is there an internal threat to your Government?

A. Well, those who didn't vote for me voted for others, and if they voted for others it means they accepted the democratic process. It is a peaceful process, isn't it, and hence the need for them to remain committed to that democratic process. I don't believe that because they lost the election where the majority voted for us, that that is sufficient for anyone to take arms. Accept the rules, play it fair. If you lose, abide by the rules. If we had lost we would similarly be confined by the rules.

Q. Is there any fear of a white backlash?

A. No, no, everybody is compelled to abide by that. I don't think there will be any white backlash. I think everyone has accepted the fact of our victory, that they are prepared to abide by the rules. I think what remains to be done is to give them assurances, to those of them who have fears and anxieties, that we don't intend to take any vindictive, military action against anybody or to punish them by detaining or imprisoning them, or by getting them out of the country or depriving them of a livelihood by taking their jobs from them, that they are safe if they remain here, that their pensions are assured—that kind of thing.

ON A ONE PARTY STATE
Q. Do you see your own party joining with Mr. Joshua Nkomo's ZAPU or Patriotic Front to form a single political party instead of the present Government coalition?

A. As a single party? Well, that's the ultimate goal, but at present we are trying to work out a more amicable relationship in Government.

Q. Do you think it will succeed?

A. I think it will. What alternative is there? The alternative is for a split, and that Zapu works as an opposition, which will be extremely undesirable. I've heard Nkomo expressing his dislike of working as an opposition, and I also feel that it would be undesirable for Zapu to do that. I think it is better to work with us. Whatever breaches that exist at the moment are bound to go.

Q. You seem to want close relations with Britain and you seem cool towards the Soviet Bloc, some of whom were not invited to your Independence celebrations. Can you explain that attitude?

A. Yes, we've cultivated close friendship with Britain. I think, we were never really hostile to Britain as such. When we fought the war here, of course we said we were fighting colonialism and imperialism. But we were never really hostile to the British people—and we are independent and there is no quarrel with Britain. We see no basis to adopt an unfavourable attitude.

Q. But the Soviet Bloc? Why are you cool?

A. We are not cold towards the Soviet Bloc. They have been cold to us. We have never regarded them as our enemies. Throughout the period we have been waging the struggle, they have been allies and fighters alongside us against imperialism and colonialism. But they never assisted us—they chose to assist Zapu and through Zapu the people of Zimbabwe. We have invited them to the Independence celebrations to bring the same number of people as everyone else.

It was a speech as powerful and effective as the historic address with which Jomo Kenyatta won the confidence of the white farmers of the Kenyan Highlands. "It is now time to beat our swords into ploughshares declared Robert Mugabe, the new Prime Minister, "so that we can attend to the problems of developing our economy and our society."

This pledge to form a broad based national government and the announcement that the tough Rhodesian-born Commander of the Armed Forces, General Peter Walker, would preside over the integration of the rival armies, went a long way to reassure nervous whites. For blacks who were rejoicing on the streets of Salisbury the most important prize had already been delivered: peace had returned to the countryside after a bitter seven-year war.

It was a remarkable performance, which has been sustained over the past seven weeks, by the 56-year-old austere socialist.

Like many of the Prime Ministers and Presidents of ex-British colonies, Robert Mugabe underwent part of his political apprenticeship in jail. It was during his 10 years in detention



From prisoner to Premier

ZIMBABWE'S 230,000 whites had hardly time to digest the landslide victory of Zanu-PF before they watched the man branded as a "Marxist terrorist" appear in a national television broadcast appealing for peace and reconciliation.

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that he collected most of his five degrees, including a BA and an LLB. It was during this time, also, that his only child died of malaria and Ian Smith's Government refused him permission to attend the funeral.

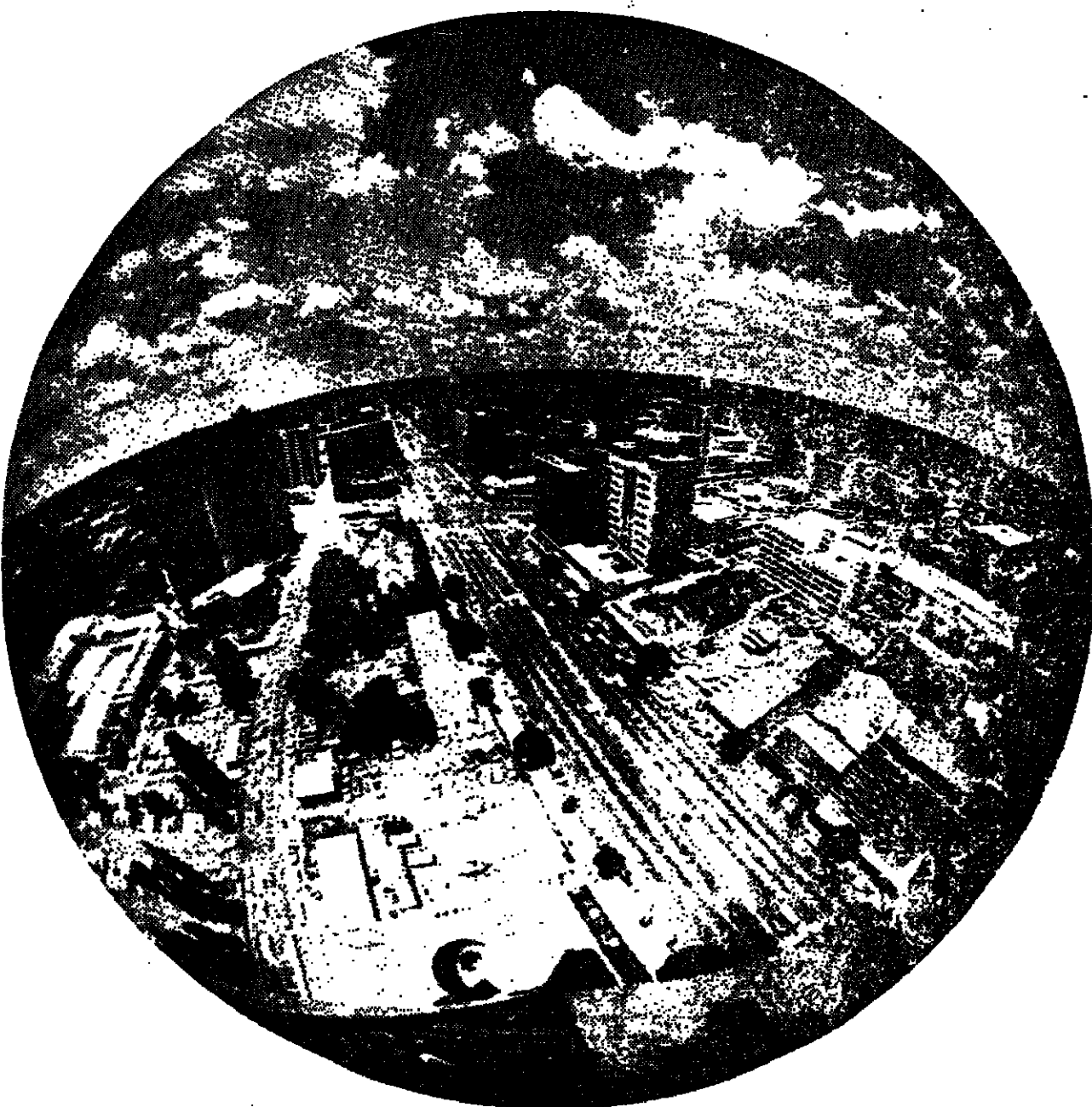
Brought up at a Catholic mission and a teacher by training, he left Rhodesia in the 50s to teach in Northern Rhodesia (now Zambia). In 1958, chafing at political restrictions, he went to teach in Ghana where he met his wife Sally. Back in Rhodesia, he moved up the nationalist political ranks, becoming secretary-general of the Zimbabwe African National Union which broke away from Joshua Nkomo's Zimbabwe African Peoples Union in 1963.

Soon after his release from detention in 1974, the slight, diffident bespectacled man with his air of a university professor, secretly left Rhodesia for Mozambique.

By 1975 he was beginning to what had become a guerrilla based party which he led at the Lancaster House negotiations in London last year. He returned to Salisbury after nearly five years of self imposed exile to a tumultuous welcome from a crowd of over 150,000.

He now has to cope with the problems of rising black expectations, refugees, land hunger and the uneasy alliance with the Patriotic Front Party led by Mr. Joshua Nkomo. But in the past few weeks he has made a remarkable start in the healing of a bitterly divided society.

Bridget Bloom



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Points from the new Manifesto

AIMS: To liberate Zimbabwe and establish a nationalist socialist pan-Africanist and democratic republic of Zimbabwe.

BELIEFS: The party is a People's party, the people's power being realised not only in respect of Parliament and the Government, but in the public service, the army, the police force and the judiciary. The people must also be involved in the "productive processes" as full participants, in both the decision-making process, management and control of industries concerned, whether primary or secondary, and in the sharing of benefits in accordance with their contribution of inputs of labour.

The principle of the paramountcy of the people demands... that a sense of national belonging... should submerge and destroy tribal, regionalistic and racial animosity.

GENERAL ECONOMIC POLICY: "Zanu's ideological belief is socialism (but) in working towards the socialist transformation of Zimbabwean society, a Zanu Government will nevertheless, recognise historical, social and other existing practical realities of Zimbabwe. One of these existing practical realities is the capitalist system which cannot be transformed

overnight. It is recognised that private enterprise will have to continue until circumstances are ripe for socialist change."

LAND: "Eighty-three per cent of our people live in rural areas. A Zanu Government will handle the question of land with the utmost urgency... it will acquire as much land from the private sector as is necessary for the resettlement of the peasant population currently without land or with poor land. Such land will come from unused or abandoned land, underutilised land or land owned by absentee owners. A Zanu Government will promote on newly acquired land collective villages and collective agriculture" though such collectivisation will be "by persuasion rather than compulsion."

"Private agriculture will be retained but restricted only to efficient farmers."

MINING: "The need for direct State involvement in the mining industry on a partnership basis will be examined. It is necessary that the role of the mine-worker be given its correct place in terms of the adequacy of his conditions of service, his skills and productive capacity and his organiza-

tion into trade unions."

FINANCE AND BANKING: A Zanu Government will maintain the present banking system as much as possible and will emphasise strong central control by the country's central bank... public investment in important spheres of Governmental action will be taken. The present ways of raising public revenue need revision and adjustment while the present system of direct taxation would have to be overhauled where it is inequitable. Unfair and inequitable taxes will be abolished."

EDUCATION: Zanu will abolish the distinction between African and European education. One of the "cardinal principles" is "the establishment of free and compulsory primary and secondary education for all children regardless of race."

HEALTH: "A Zanu Government will offer a free national health service, delivering primary health care to the whole nation regardless of race."

THE MANIFESTO lists 13 "rights and freedoms" among which is freedom of speech, assembly, association and religion and of recourse to the courts.

Reconciliation is top priority

THE FIRST government of Zimbabwe, which formally took office last Friday, reflects the determination of Mr. Robert Mugabe, the new Prime Minister, to have a broadly based government of reconciliation. Absent from the Government is any representative of the United African National Council (UANC) led by former Prime Minister Bishop Abel Muzorewa. The UANC suffered a humiliating defeat in the elections in February, winning only three of the eighty black seats.

Otherwise, however, the new Cabinet of 24 Ministers, together with their deputies, is a careful mix of political parties as well as of old-style nationalists and younger more technocratic politicians. An attempt has also been made to balance the country's regional and tribal interests.

Though it is too early to tell how the Cabinet will function now that the country is independent, the recent six-week transition, during which Ministers were running themselves in, suggests that compromise and moderation, at least for an initial period, will be the order of the day.

It seems clear, however, that Mr. Mugabe intends to put his own stamp on the Government early on. In his first major Press conference after the election he declared the Government's priority to be land reform and to that end he

created a new Ministry of Lands, Resettlement and Rural Development. Another area for "major restructuring," for which another new Ministry has been set up, is the public service, where a major effort at Africanisation can be expected. The Prime Minister also appears to intend that the new Ministry of Economic Planning and Development, given to former UNCTAD deputy head Dr. Bernard Chidzero, will be in overall charge of economic policy, previously the responsibility of the Ministry of Finance.

The key to Mr. Mugabe's Cabinet is his alliance with Mr. Joshua Nkomo, the veteran nationalist whose party, the Patriotic Front (formerly Zapu) got only 20—against Mr. Mugabe's 57—of the eighty black seats in the House of Assembly. Mr. Mugabe does not need the alliance in terms of votes, but it is vital as evidence of a desire for national reconciliation, given that Mr. Nkomo is the unchallenged leader of the minority Shindebele-speaking people.

For similar reasons of reconciliation Mr. Mugabe appointed two Europeans to his Cabinet. One, Mr. Dennis Norman, is a respected farmer, though without ministerial experience. The other, Mr. David Smith, was a Minister in Mr. Ian Smith's Rhodesian Front (RF) Government for more than ten years. The RF, which was responsible

for the illegal declaration of independence fourteen and a half years ago, has all the 20 white seats in Parliament. The black members of Cabinet are a mix of veteran nationalists like the Deputy Prime Minister and Minister of Foreign Affairs, Mr. Simon Mzenda, and younger university-educated men like 34-year-old Dr. Dzingai Mutumbuka, who took his first degree at the University of Rhodesia, his doctorate at Sussex and then taught chemistry at Dublin University. More than three quarters of the new Ministers and their deputies have university degrees, the younger ones having collected their in exile and the older ones, in general, having studied during their long years in jail.

At least half of the black cabinet members have spent several of the last twenty years in detention for their nationalist activities. The list includes the Prime Minister himself and his deputy, as well as Mr. Edgar Tekere (Minister of Manpower) and Mr. Nkomo—all of whom were detained from the mid 1960s until December 1974.

For the first time in Rhodesian politics the new Cabinet includes a woman—Mrs. Tuerai Nhonzo, wife of Rex Nhonzo, the Zanu army commander. The military are not directly represented, although Emmerson Mnangagwa, the Minister of State

in the Prime Minister's office in charge of security, in 1984 led one of the first armed groups to fight in Rhodesia. He then went to Cairo and onto China for military training, and later worked very closely with his relative, General Josiah Tongogara, who until his death in a car accident in December 1979 was Zanu's chief of staff. A number of other younger Ministers, such as Dr. Sekeramayi at Lands and Resettlement and Dr. Ushewokunze at health, have also had military training.

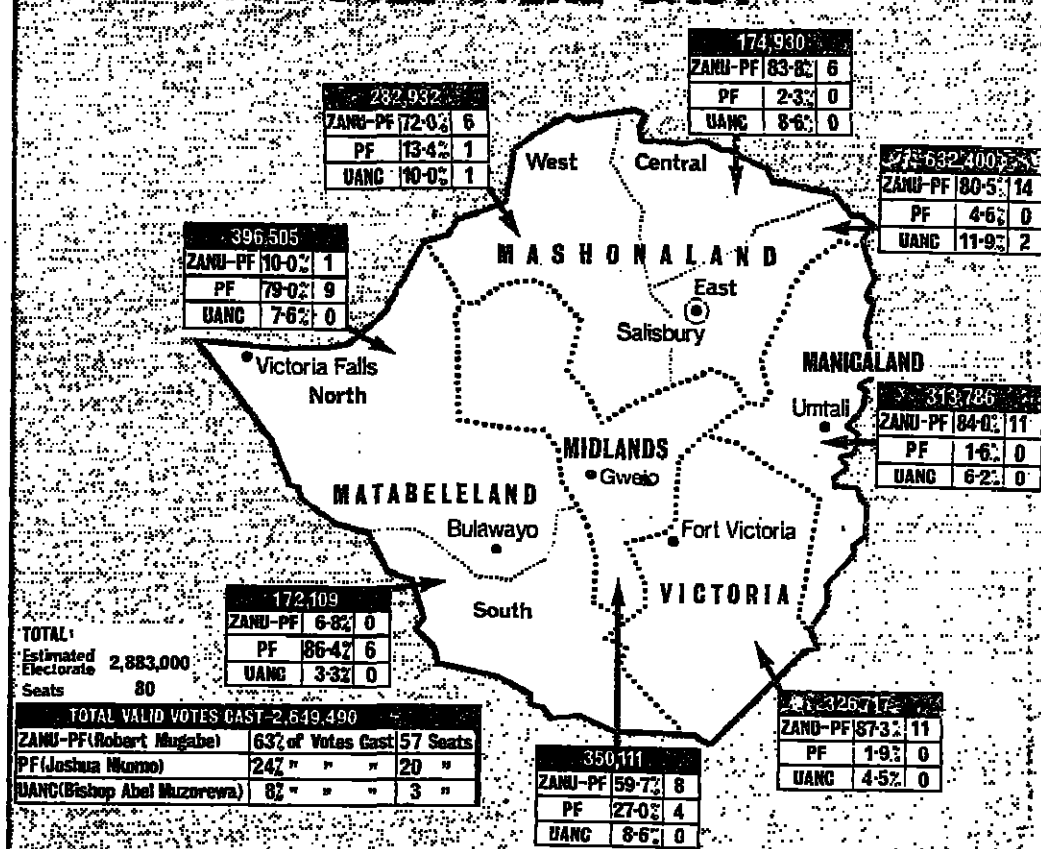
The choice of Cabinet Ministers and their deputies also reflects the country's regional and tribal groupings. The southern Ndebele province of Matabeleland, comprising some 30 per cent of the population, is represented by Mr. Nkomo and two PF Ministers, as well as by Mr. Enos Nkala and the president, the Rev. Banana. But Mr. Mugabe seems also to have striven to achieve a balance among the different groups of Shona speakers, who comprise eighty per cent of Rhodesia's population and from whom Zanu (PF) finds most of its support. Mr. Mugabe's own group is the Zezuru, but these are balanced by appointees from the Karanga group (which provided many of the Zanu fighters) as well as by eastern Manika people.

Bridget Bloom



Lord Soames, the British Governor, who guided the country to independence strolling in the grounds of Government House

HOW THE VOTES WERE CAST



The British supervised election for the 80 black seats in the National Assembly was held in Zimbabwe from February 27-February 29. Nine political parties fought the election, although only three won seats. Under the prevailing party list system any party which did not win 10 per cent of the vote in each district in which is put up candidates was eliminated from the contest. The final turn out was 57 seats for Mr. Robert Mugabe's Zanu (PF), 20 seats for Mr. Joshua Nkomo's Patriotic Front (formerly Zapu) and three seats for Bishop Muzorewa's United African National Council (UANC).

ZIMBABWE CABINET

MINISTRY	MINISTER
Prime Minister, and Minister of Defence:	Mr. Robert Mugabe
Deputy Prime Minister and Minister of Foreign Affairs:	Mr. Simon Mzenda
Minister of Home Affairs:	Mr. Joshua Nkomo (PF)
Minister of Manpower Planning and Development:	Mr. Edgar Tekere
Minister of Finance:	Mr. Enos Nkala
Minister of Justice and of Constitutional Affairs:	Mr. Simbi Mubako
Minister of the Public Service:	Mr. Richard Hove
Minister of Labour and Social Welfare:	Mr. Kumbira Kengai
Minister of Local Government and Housing:	Mr. Eddison Zvobgo
Minister of Lands, Resettlement, and Rural Development:	Dr. Sydney Sekeramayi
Minister of Commerce and Industry:	Mr. David Smith
Minister of Agriculture:	Mr. Dennis Norman
Minister of Information and Tourism:	Dr. Nathan Shamuyarira
Minister of Natural Resources and Water Development:	Mr. Joseph Msika (PF)
Minister of Education and Culture:	Mr. Dzingai Mutumbuka
Minister of Health:	Mr. Herbert Ushewokunze
Minister of Public Works:	Mr. Clement Muchachi (PF)
Minister of Posts and Telecommunications:	Mr. Morris Nyagumbo
Minister of Mines:	Mr. George Silundika (PF)
Minister of Youth, Sports and Recreation:	Mrs. Tourai Ropa Nhengo
Minister of State in the Prime Minister's Office:	Mr. Emmerson Munangagwa
Minister of Transport and Power:	Mr. Ernest Kadungure

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Bridget Bloom and Michael Holman profile the President and leading members of Mr. Mugabe's cabinet

Rev. Canaan Banana

REV CANAAN BANANA, who was elected President of the Republic by Parliament last week, came comparatively late to nationalist politics. A Methodist minister he was a founder member and the first deputy president of the African National Council, the party backed by the banned nationalist movements and headed by Bishop Muzorewa to galvanise African opposition to the Douglas-Home settlement proposals of 1971.

Following the resounding "no" delivered by the ANC and others to the Peace Commission in 1972, Rev. Banana stayed with the ANC until 1973, when he left Rhodesia without a passport to study theology in the U.S. He returned in 1975, was arrested and then released to join Bishop Muzorewa's delegation to the Geneva con-



The Rev. Banana

ference. He joined Mr. Mugabe's delegation at the tail end of the conference, was restricted on his return to Rhodesia early in January 1977 and released two years later.

Canaan Banana was born at Eseserale near Bulawayo. Though not an obvious candidate for Zanu (PF) to put forward for the presidency, his position as a member of the minority Ndebele makes him an important figurehead in Mr. Mugabe's broad-based Government of National Unity.

Joshua Nkomo

THE MASSIVE figure of Joshua Nkomo has been a landmark in Rhodesian nationalist politics for nearly 30 years. Leader of the Patriotic Front (formerly Zapu), which won 20 of the 80 black seats in the February election, Nkomo had hoped to break out of his stronghold — the southern province of Matabeleland — and win national support. He failed to do this, winning only five seats in the majority Shona speaking or mixed areas. But Nkomo remains a key figure and an essential part of Mr. Mugabe's broad-based administration.

Relations between the two men, despite the belief of both in national reconciliation, are not close, though their experience of working together at the Lancaster House conference may ease the inevitable problems of working in coalition, particularly difficult for Mr. Nkomo.

Mr. Nkomo refused the figure head position of President, and insisted that the Home Affairs Ministry, which he now occupies, should be given some "teeth" by having the police included in it. But in the bargaining Mr. Nkomo lost the administration of the tribal trust lands, which went to a



Mr. Nkomo

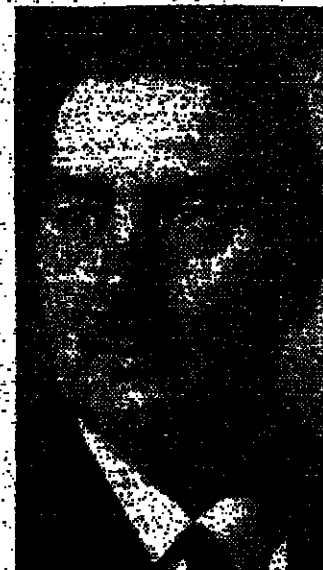
trusted Zanu Minister Mr. Eddison Zvobgo, while the intelligence services remain as a separate service to the Prime Minister.

One of Mr. Nkomo's most immediate tasks however is to put heart back into his own party, disillusioned by its comparatively poor performance in the election and its obviously secondary place in the independence Government.

David Colville Smith

DAVID COLVILLE SMITH (58), Minister of Commerce and Industry, is a tall, relaxed farmer who served for 10 years as a minister in former premier Ian Smith's Rhodesian Front Government. His appointment, like that of Mr. Dennis Norman to agriculture, was made principally to reassure the country's whites of the pragmatism and desire for reconciliation of the new black Government.

In conversation, David Smith, who retains a strong Scots accent, gives the impression of wanting to stand aside from the hurly burly of politics, but in recent years he had become increasingly critical of Ian Smith's rule. He has stopped short of leading equally critical colleagues into a new white party, but his appointment formally approved by Ian



Mr. Smith

Smith — may nevertheless hasten a split in Rhodesian Front ranks. Meanwhile, David Smith brings experience and Ministerial experience to a largely untried Cabinet. Mr. Smith arrived in Rhodesia from Scotland as a farm assistant in 1946.

He became Agriculture Minister in 1968, Finance Minister in early 1976 and Deputy Minister to Ian Smith later that year. He was joint Minister for Finance and Commerce and Industry in the Muzorewa Government.

Enos Nkala



Mr. Nkala

THE APPOINTMENT of Enos Nkala (47) as the new Finance Minister initially alarmed the largely white business community, most of whom knew the veteran nationalist only through his outspoken comments during the election campaign. Mr. Nkala was banned by Lord Soames, the Governor, halfway through the campaign for his allegedly inflammatory statements. Views of the new Finance Minister have tempered a little since the election, though students of black nationalism have long been aware of his reputation for fiery political oratory.

Nkala entered nationalist politics at an early age and it was at his house that Zanu was formed, with Robert Mugabe as secretary general and Nkala himself as treasurer, a post he still holds. Nkala has spent more than 15 years in detention, being released finally only in November, 1978. Nkala has little formal education, and though he took numerous courses in account-

tancy and related economic subjects in detention, he admits that he failed to get a degree.

Mr. Nkala is the most senior Ndebele in Mr. Mugabe's party and since he failed to win a seat in his home area has been made a senator. He does not claim close friendship with Mr. Mugabe, and says he was surprised to be appointed Finance Minister. He recognises the alarm caused in the business community by his appointment, which he says was because of his "uncompromising attachment to principle — I am not a sell out."

But though he seems likely to insist on the supremacy of the Treasury over Mr. Chidzero's new economic planning ministry, observers believe that his fervent nationalism could well be tempered by the complexities of his new portfolio. But Nkala said in a recent interview: "I won't compromise my beliefs. If I make mistakes and the Prime Minister wants me to go, I shall go."

Dennis Norman

MR. DENNIS NORMAN, 49, has risen to the top of the country's agricultural hierarchy, having been president of the Rhodesia National Farmers' Union, since renamed the Commercial Farmers' Union, since July, 1978. His appointment as Agriculture Minister, he says, took him completely by surprise, but he now heads one of the country's major Ministries — over 80 per cent of the population earns its living directly off the land and the agricultural sector provides nearly 40 per cent of wage employment.

Mr. Norman was born in Britain and worked on the family farm in Oxfordshire before emigrating to Rhodesia in 1953 to work as a farm assistant. He is now a respected maize and cattle farmer, but will not have an easy job as he tries to maintain the confidence of the country's 6,000 white farmers during a period of far-reaching agricultural reform.



Mr. Norman

M. Nyagumbo

MAURICE NYAGUMBO (56), Minister of Mines, had little formal education and as an old-style nationalist and member of Zanu since 1963 has spent nearly 19 of the last 21 years in detention — probably a record, even for the much-detained black politicians of Rhodesia.

Born in Rusape in the east of the country, Nyagumbo's diffidence and great politeness conceals a passionate belief in nationalist ideals of equality. Surprising unembittered by his long years in jail — he was released from the last bout of detention only in November, 1978 — Nyagumbo will want to move speedily towards the implementation of his party's manifesto pledge to improve the conditions and skills of mineworkers.

However, office is likely to prove a pragmatist, while the manifesto says simply that "mining industry on a partnership basis will be examined."



Mr. Nyagumbo

Simon Mzenda

SIMON MZENDA (57) is Deputy Prime Minister and Minister of Foreign Affairs, is one of the most popular men in the nationalist movement, whose friendships cross party lines and whose credentials go back to the early 1950s. Mzenda trained in South Africa as a carpenter, instructed carpentry near Durban but returned to Rhodesia in 1961 to become first a member of the Zimbabwe African People's Union (Zapu) and then a founder member of Zanu. Mzenda was arrested and jailed for two years for nationalist activities in 1961 and again between 1965-71. One of his daughters — following in her father's nationalist footsteps — went to Mozambique but was killed when Rhodesian forces

attack a Zanu camp at Chimololo to years ago.

A member of the important Kange group within the Shona speaking majority, Simon Mzenda remains what a colleague called a "man of the people." A member of the central committee since 1977 and a trusted friend of the Prime Minister, Mzenda is a calm man who has taken a level headed approach to the country's foreign policy.

While the key note is non-alignment, Mzenda has welcomed British post-independence aid and technical assistance. He shares his party's disappointment with the lack of aid during the guerrilla struggle to Zanu from the Soviet Union and other Soviet bloc countries.



Mr. Mzenda

Edgar Tekere

EDGAR TEKERE (43), Minister of Manpower Planning and Development, spent 10 years in detention until his release in 1974. He was born near the eastern border town of Umtali, the son of an Anglican priest. After a mission education, he moved to Salisbury and was soon active in nationalist politics.

Tekere gives the appearance of being relaxed, but has a reputation as a tough and influential member of the powerful central committee of Zanu (PF).

He is close to the Prime Minister, having backed Mr. Mugabe's overthrow of the former Zanu leader, the Rev. Ndabaningi Sithole, when the men were in prison in Rhodesia in 1974. Tekere accompanied Mugabe to exile in Mozambique in 1975 and helped the new leader to consolidate his power over the party in the next two years. Tekere was elected secretary general of Zanu in 1977 when Mugabe finally ceded that office to become president of the party.



Mr. Tekere

Tekere will now oversee the party's reorganisation as well as running his new Ministry.

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Mr. Sekeramayi



Dr. Chidzero

Sidney Sekeramayi Bernard Chidzero

SIDNEY SEKERAMAYI (36), as Minister of Lands, Resettlement and Rural Development, faces possibly the greatest challenge of any of the new Ministers. Land and associated issues have always been at the heart of Rhodesian politics, while the seven-year guerrilla war saw at least 250,000 refugees flee to neighbouring States and as many leave the countryside for the comparative security of the towns.

Sekeramayi, who like his colleague Minister of Health, Herbert Ushewonkwe, is a qualified medical doctor, underwent military training as a guerrilla during the war. From a peasant family in the Chibuto tribal trust land near Salisbury, Sekeramayi was expelled from secondary school for his political activities in 1963.

Dr. BERNARD CHIDZERO (53), has been released from his post as deputy head of the United Nations Commission for Trade and Development (UNCTAD) to serve as Mr. Mugabe's new Minister for Economic Planning and Development. Dr. Chidzero, who has degrees from South Africa and Canadian universities and 20 years' service with the UN and associated bodies like the Economic Commission for Africa, is probably the most distinguished of a group of largely non-political Zimbabweans now returning from exile.

Dr. Chidzero was chairman of the commission which in 1979 drew up the "Economic and Social Survey of Zimbabwe" under the auspices of the UNDP. The survey, being seen as a preliminary planning document for the new Government.

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ZIMBABWE VIII

UK and S. Africa have strong influence on foreign policy

THE GUEST list for Zimbabwe's Independence celebrations was an impressively catholic selection. More than 100 countries were invited, including all the member States of the Commonwealth, the Organisation of African Unity, and the European Community, as well as all the super-powers, the U.S., the Soviet Union and China.

The list certainly underlined the desire of the new Government of Zimbabwe to be a genuine member of the non-aligned movement. "It is going to be in the interests of this country that we have contact with as many countries as possible," Mr. Simon Muzorewa, the Deputy Prime Minister and Foreign Minister, said in an interview with the Financial Times. "We are non-aligned. There is no question of choosing between China, the Soviet Union or the United States. We treat everybody in the same way."

However, the guest list was if anything more interesting for its significant exclusions than for the tally of those who were invited. The most notable, although predictable, exception was neighbouring South Africa. More surprising, perhaps, was the exclusion of the leading countries of Eastern Europe—East Germany, Poland, Hungary and Czechoslovakia—although Albania, Romania and Yugoslavia were invited.

Several factors are likely to colour Zimbabwe's future foreign relations. One is its colonial heritage, which is likely to leave Britain in a key position, in terms of diplomatic links, aid and trade. Another is Zimbabwe's inherited pattern of trade, in which South Africa remains its most important partner. The conflict between that powerful

bond and the political antipathy between the two former white minority-ruled allies is likely to make relations with South Africa the most difficult and sensitive foreign policy issue facing the new Government. A final factor is the pattern of relations developed by Mr. Mugabe's Zimbabwe African National Union (Zanu) party in exile, and which countries or parties supported him in his guerrilla struggle: that is where the East European countries appear to have gone wrong.

One of the ironies about Mr. Mugabe's landslide victory in the Rhodesian elections was that his party had actually enjoyed less international backing from the major powers than any of the others. Mr. Joshua Nkomo's Zimbabwe African People's Union (Zapu) had the backing of the Soviet Union, and most notably of East Germany, as well as Western interests. Lately, Bishop Abel Muzorewa had most support both from South African and Western interests. Mr. Mugabe, although initially backed by China with both arms and training, was forced to rely increasingly on African intermediaries such as Ethiopia for his supplies, as China reduced its profile in Africa. But some arms also came from Romania and Yugoslavia.

Lack of support

The snub to East Germany and its fellow East European States appears to be a direct consequence of that lack of support for Zanu's guerrilla war—and for their extensive commitment to Mr. Nkomo, Mr. Mugabe's partner in Government. Relations could also prove difficult for the same reason with Zimbabwe's nearest neighbour, Zambia, for Presi-

dent Kaunda was always a close friend and supporter of Mr. Nkomo. Mr. Muzenda, however, put the general point more cautiously: "We got more help from certain groups in, some countries," he said. "That might make relations easier."

Nevertheless, relations with Britain, never notable for its support either moral or material during the guerrilla war, seem set to remain close. Already, a string of aid programmes have been set in motion, including one to help the new Government set up its diplomatic service virtually from scratch.

"The one country we can be closest to is the country which colonised us," Mr. Muzenda said. "There are perhaps thousands of Zimbabweans still living in Britain. Suppose we wanted teachers. We cannot get teachers from any other country which does not speak English." The first Zimbabwean High Commission is likely to be opened in London, in the former Rhodesia House, in spite of the hefty bill for unpaid rates being demanded by the Westminster City Council.

As for other missions, the new Government is virtually starting with a clean slate, because the former regime lacked formal recognition from any other country. However, there were Rhodesian offices in a handful of cities, including Washington, Pretoria, Cape Town, and Lisbon, as well as Zanu and Patriotic Front offices in several countries.

Mr. Muzenda said the new Government planned to set up some 15 new embassies and high commissions, and in the first place would choose between those offices of both the former Government and the Patriotic Front already in existence. The latter include Canada, Sweden, Romania and Yugoslavia, as

well as African countries such as Nigeria, Ethiopia and Libya, and all Rhodesia's neighbouring States.

Relations with South Africa have yet to be finalised, but so far both Governments have treated the issue with great caution. "We would want South Africa to regard us as a good neighbour, in the same way we intend to regard her as a good neighbour," Mr. Mugabe said on his accession to office. Both countries should observe the right of mutual co-existence and mutual non-interference in domestic affairs. South Africa should refrain from doing those things which would make us enemies," he said. "We do not expect to provide facilities here for people who intend to fight an armed struggle. Our reality is that we must co-exist with South Africa."

Major partner

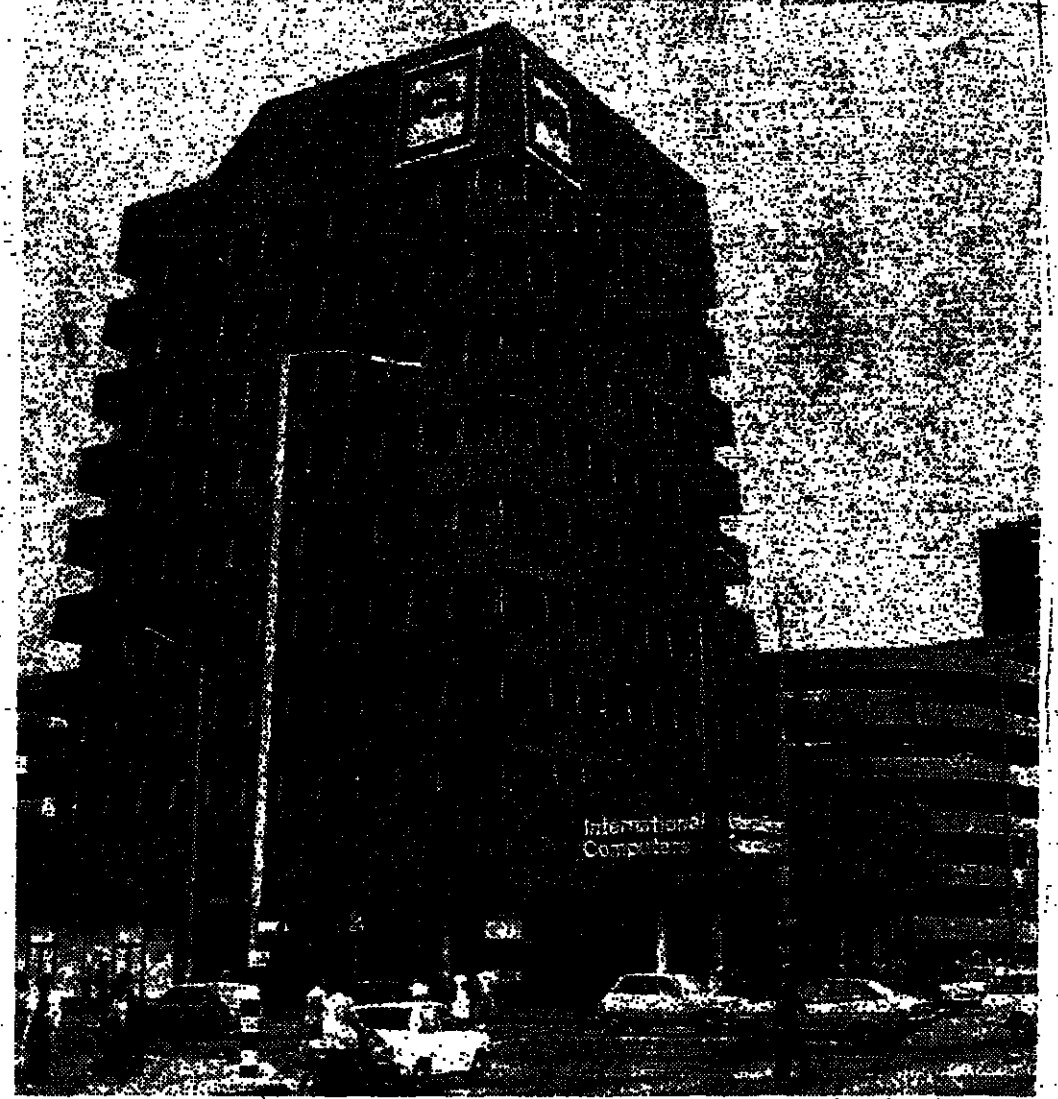
In attending the meeting of front-line States in Lusaka earlier this month, Mr. Edios Nkomo, the Zimbabwe Finance Minister, made it clear that his Government was not in a position to reduce its own ties. Apart from providing its most important trade routes to the sea, South Africa is a major trading partner, buying Zimbabwe's manufactured goods, such as textiles, and supplying the largest source of imports in defiance of the former UN sanctions.

At the same time, Mr. Mugabe has made it clear that he will oppose South Africa's internal policies on international platforms, and support OAU campaigns against apartheid to the best of his ability. "People talk about the OAU demanding this and that," Mr. Muzenda said. "The OAU understand our situation. We hope we will be able

to help the position in South Africa by the way we handle our people here. We will not take up arms against South Africa," Mr. Muzenda said that no decision had been taken on the status of the two countries' respective diplomatic missions, but if trade continued, some staff would be needed to service it. Moreover, some arrangements have to be reached about outstanding debt owed to the South African Government, estimated at some \$300m.

While many final decisions have yet to be taken by the new Government on its future foreign relations, the broad guidelines appear to be ones dictated largely by pragmatism influenced by political sympathies, but not decided on ideological grounds. "There is no intention of interfering with our original markets," Mr. Muzenda said. "The priority for any country selling goods is where they can find a market. If we can find new markets, well and good. But we cannot keep our tobacco here. If we could, we would sell it on the moon."

Quentin Peel



The ICL building at the junction of Jameson Avenue and Second Street, Salisbury

Foreign investors have major stake in economy

GIVEN THAT the foundations of the modern State of Zimbabwe were laid by a 19th century British-based multinational corporation — the British South Africa Company — it is scarcely surprising that to this day foreign investment enjoys a disproportionate influence in the economy. Indeed, every major productive sector of the economy—mining, agriculture and manufacturing—as well as the key financial sector, has either a dominant or at least a substantial level of foreign ownership.

Relations between the new Government and the major foreign investors in the economy are therefore certain to be of critical importance to the future economic development of the country. So far, both sides in the debate are treading with extreme caution. On the one hand, Mr. Robert Mugabe, the new Prime Minister, has deliberately not repeated accusations of colonial exploitation traditionally levelled against the multinationals. On the other, business leaders have swallowed their instinctive aversion to a man they regarded formerly as a fanatical Marxist, to wait and judge him by his actions.

Nevertheless, it is inevitable that the role and involvement of foreign companies will be a priority for reconsideration by the Government. In spite of professedly more liberal employment policies, and their opposition to Mr. Mugabe's UDI in 1965, foreign-owned businesses are just as much part of the structure of exclusive white domination of the economy as their locally-owned counterparts.

Their employment of migrant and contract workers, and the low level of wages paid throughout the "advanced sector" of the economy in which they are involved, seem certain to conflict with the egalitarian ideals of Mr. Mugabe's Government. Moreover, the level of repatriated profits and dividends, which has risen steadily in recent years, has always been a target for African nationalist criticism, to the extent that it puts an added strain on limited foreign exchange resources.

Technology

On the other hand, foreign-owned companies provide many jobs which the new Government cannot afford to jeopardise when it already has widespread unemployment to cope with. They are a primary source of imported technology for the relatively sophisticated manufacturing sector. They can provide expertise in finding export markets — a skill undoubtedly used in former years to circumvent sanctions. And they have ready access to sources of international capital.

Estimates of the total size of foreign capital involvement in Zimbabwe are inevitably very round figures — partly because of the restricted amount of information disclosed during the years of UDI. The most recent estimate (in a study for UNCTAD) puts total foreign capital stock at between \$1,500m and \$2,000m out of a total capital stock of \$2,250m. The figures suggest a marginal reduction in the proportion of foreign control since 1945, when it stood at between 70 and 80 per cent, but a very large increase in value from a figure then of around \$50m.

As for the origin of the investments, they are overwhelmingly

from just two sources: Britain and South Africa. The same UNCTAD estimate by Colin Stoneman put the British proportion at \$915m and the South African at \$583m. Indeed, the division between the two is somewhat arbitrary, as some UK companies treat their offshoots in Zimbabwe as subsidiaries of South African subsidiaries and others control their investments direct from London.

The sectors most dominated by foreign capital are mining and finance, particularly the banks, where all four are foreign-owned. But foreign interests are substantial throughout manufacturing industry, and the largest foreign-owned farms and ranches contribute a disproportionate amount to total output, and particularly to agricultural exports.

76% foreign

In the mining sector, very few large-scale mines do not fall under foreign ownership or control. Out of total mining employment (in 1978) of some 60,000, large-scale operations accounted for some 46,000 or 76.6 per cent, of which at least 38,000 were accounted for by foreign-owned companies, according to Dr. Duncan Clarke, in his comprehensive study just published by the Catholic Institute for International Relations.

Foreign operations probably accounted for a larger proportion of output: 68 mines provided 88 per cent of jobs and 95 per cent of output. Anglo American is the classic, and most extreme, example of the key position of foreign capital in the economy. In mining, it controls either directly or through associate companies (like JCI), nickel, copper and coal mines. It is involved in iron and steel production, and ferrochrome. It has one or more directors sitting on the board of at least 82 different companies. In agriculture, it owns Hippo Valley, one of the big two sugar producers, large forestry plantations, and the Mazoe Estate, which produces some 70 per cent of the country's citrus fruit. Its industrial interests include national foods, the biggest maize miller and food processor in the country in which Britain's Spillers and South Africa's Tiger Oats also have shares.

Although no other company quite compares with the spread of the Anglo empire, several dominate key sectors of the economy.

Britain's Turner and Newall controls asbestos production, second only to gold as a mineral export—from its Shabani and Mashaba mines. Massive investment throughout the UDI period had increased its asset value some 18 times to \$97m. The company now produces asbestos sheet, asbestos cement piping, and has taken over a steel tubing factory.

Union Carbide controls some 78 per cent of the country's strategic chrome production, from what is described as the best quality chrome ore in the world.

The interests of Mr. "Tiny" Rowland's Lonrho are not merely confined to mining (mainly gold and copper), but also textiles, household appliances, furniture, ranching and forestry.

In industry, most of the biggest concerns have a significant foreign shareholding. Delta, the largest quoted indus-

trial company on the Salisbury Stock Exchange, which controls the brewing industry, retail stores and hotels, is an offshoot of South African Breweries. Tobacco processing and marketing is dominated by foreign names such as B.A.T. Rothmans and Imperial Tobacco.

The construction and building materials sector includes several big British names, such as Costain, Associated Portland Cement Works, Marley Tile and Pilkington.

Beverages, tobacco, paper and printing, chemicals and electrical machinery are all foreign dominated.

The other key sector dominated by foreign investors is the financial sector. All four big banks are foreign owned: Standard, Barclays and Grindlays from Britain, and Rhobank from South Africa.

Insurance and finance and investment companies all have significant foreign ownership. Names of major British accountancy firms are commonplace in Salisbury. One important result of the high level of foreign ownership has been the equally high level of remittances causing a drain on the invisible account of the balance of payments. Between 1968 and 1977 the outflow of investment income exceeded the capital inflow by some \$2m. Treasury forecasts of the balance of payments in coming years suggest that in spite of a visible trade balance, the invisible outflow will result in an overall, and growing deficit: of some \$20m in 1978, \$160m in 1980, and \$120m in 1981. In those years, the outflow on invisible account is put at \$200m, \$240m and \$260m respectively.

Before the February election there was no doubt about the majority view of the future in all sectors of Rhodesian business life, including the management of foreign-owned operations. "We have great economic prospects," provided we do not have a Marxist Government, and that means Mugabe," in the words of one businessman. On the other hand, a minority of the most sanguine did subscribe to the view that "any strong government, however bad, is

better than a hung parliament," as one banker put it. Yet now the latter view already seems to prevail: the extent of Mr. Mugabe's landslide victory is suddenly perceived as a blessing, at least removing that uncertainty, even if his policies remain to be explained.

Now the almost universal reaction is to wait and see, even if that response could be self-defeating if it degenerates into stagnation. But a number of companies are trying to take precautions to cope with future Government policy. Many have been trying to increase their level of local shareholding.

Evasive action

South African companies are aware of a particular problem. In spite of his assurances to the contrary, they believe Mr. Mugabe may be forced to seek to reduce South African ownership for political reasons. Several have already taken evasive action. South African Breweries, for example, has hived Delta off to an offshore company, and consolidates only dividend income in its results. Kuleta, owner of the Triangle sugar estate, consolidates on the same basis.

From the statements made so far by Mr. Mugabe and his Ministers, such precautions would seem unnecessary. Mr. Maurice Nyagumbo, the Minister of Mines, insists that the Government believes in competition in industry, and has no plans for nationalisation. Others maintain that some State ownership will be necessary, but only gradually taken up.

Most would apparently recognise the truth of Dr. Clarke's conclusion: "It is hard to find a sub-Saharan African example comparable to the Zimbabwean case, in which the role of foreign investments has been so long established, as deeply integrated into the sectors producing the bulk of output, so strongly interconnected with local capital, and in consequence probably as difficult to foresee being quickly and successfully altered."

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ZIMBABWE IX



Mr. Don Bulloch, president of the Zimbabwe Tobacco Association

Farming in good shape for challenge ahead

IT IS appropriate that agriculture, which has been in the forefront of both the sanctions and guerrilla wars, should be the sector to benefit the most from peace, recognition and the lifting of economic sanctions. It is almost impossible to exaggerate the importance of agriculture in the economy. It is the chief source of income for more than 70 per cent of the population; it provides gainful employment for the wage economy for some 345,000 people, almost all of them blacks, or about 35 per cent of total employment, even in poor climatic years it contributes more than one third of the country's foreign exchange earnings and a substantial share of inputs to local manufacturing industry.

Even in the difficult conditions of the war and drought, the agricultural sector has maintained self-sufficiency in foodstuffs for the country. It is directly responsible for some 18 per cent of Gross Domestic Product and indirectly well over 20 per cent.

In addition, because of the debate over land tenure, ownership and usage—a debate that has long been fundamental to the struggle for political power in Zimbabwe—agriculture has a significance that outweighs its direct economic importance.

For purposes of analysis, the agricultural sector subdivides into the commercial sector, dominated by some 5,400 white farmers (down from 6,400 at the time of UDI), and the black peasant sector, chiefly involved in subsistence production, with an estimated 700,000 farming families. Almost all these producers are located in the Tribal Trust Lands but some 9,000 growers are classified as Purchase Area producers who have freehold tenure (as distinct from communal ownership in the T.T.L.s) and who are at least partially oriented towards production for the market rather than for self-consumption.

Commercial
Total agricultural production for 1979 is estimated at just short of \$500m, of which some \$435m (about 88 per cent) represents commercial output by white farmers. The bulk of the peasant sector's output is for subsistence purposes with recorded sales last year falling to a mere \$14m—the lowest such figure since 1973—in response to the escalating war and the severe 1978/79 drought.

Although the area planted out to crops in the commercial sector has increased by only a quarter, since 1964 there was an 82.5 per cent rise in the volume of production until the peak was reached in 1976, since when there has been a decline of some 10 per cent reflecting the drought which reduced maize deliveries by 40 per cent last year, the impact of the war on the manpower situation and physical production constraints such as the shortages of fuel and fertiliser.

The growth in output is the result of increased input intensity, better seed varieties, irrigation, higher labour productivity and the enhanced significance of livestock relative to crop production. Livestock output accounted for roughly a quarter of commercial production in 1975, rising to 33 per cent in 1979.

Intervening years it fell even lower. Cattle production, which had been responsible for 12 per cent of total output in 1965, had increased its share to 19.1 per cent by 1978. Maize, which in terms of hectares planted has been in decline since the early 1970s, had increased its share of total output from 12 per cent in 1965 to 14 per cent. Cotton had come from virtually nowhere in 1965 (2 per cent) to more than 10 per cent.

Wheat was a very minor crop in 1965 but by the late 1970s not only was Zimbabwe self-sufficient, but also able to export wheat to neighbouring territories. Even with the depressed sugar prices of 1978, sugar output was worth \$35m then as against \$13m in 1965. Soyabean, tea and coffee have become important cash crops both domestically and in export markets in the case of tea and coffee.

Over the sanctions period of 14 years some 900 commercial white farmers went out of production, partly because of reduced viability in the industry with input costs rising more rapidly than end-product prices.

and partly as the widening war forced farmers, and especially the less efficient, off the land. Under present conditions the industry is heavily dependent upon a relatively small number of highly efficient producers, without whom the country would be unable to feed itself and unable to earn the substantial foreign exchange necessary to help finance the development programme.

In the mid-1970s it was calculated that more than half of white commercial farming output came from 10 per cent of the total number of farmers—some 550 growers. At the other end of the scale, some 40 per cent of the farmers produced less than 10 per cent of total commercial output. These figures have some significance for land redistribution and resettlement policies since they show that land could be purchased from the less efficient commercial farmers and earmarked for the planned land resettlement schemes without having a major impact on the level of commercial farm output.

But for all its successes in the face of sanctions and the war, the industry faces a crucial challenge in respect of food supplies in the years ahead. This is so for two main reasons. First, maize has been an increasingly unpopular crop with commercial growers since the early 1970s. The land under maize in commercial areas fell from just under 300,000 hectares in the early 1970s to 190,000 hectares in 1978-79. As a result, a country which used to be a major exporter, selling 500,000 tonnes of maize a year in external markets, is now being forced, following two very poor climatic seasons, to import yellow maize from South Africa.

The fall in maize hectares reflected poor profitability from the crop and the reduction in the number of white producers. At the same time, domestic consumption has been growing rapidly, partly because of the 3.5 per cent per annum population growth rate, but largely because of the collapse of tribal agriculture in the face of the war. After the severe drought last year, maize deliveries were only 580,000 tonnes while consumption was 650,000 tonnes. After a further mid-season drought in 1979-80, production, currently estimated at 800,000 tonnes will only be a little way ahead of domestic usage.

In the short space of six or

seven years, the maize economy has lurched from excessive domestic output, which put a very heavy strain on the country's limited transport resources, to a situation where, in a poor climatic year when maize yields are depressed, the country faces the need to import.

In 1980-81 there are hopes of a substantial improvement in peasant output which will reduce domestic consumption pressures in respect of the commercially-produced crop, but the new Government will still face a tough decision on pricing policy. Commercial growers of maize is hardly viable at \$75 a tonne (the 1979-80 price) pointing out that it costs \$125 a tonne to import maize.

Government officials argue that with the present consumer price of \$63 a tonne, there is a subsidy of close on \$25 a tonne, after allowing for handling charges and distribution costs. As farm costs rise—especially labour expenses—so the Government faces the prospect of a continuation of the secular decline in maize plant-

ings unless the producer price is raised. At the same time, a new populist Government can hardly be expected to agree to increase significantly the price of the country's staple food. Thus, there will have to be trade-off between subsidisation and the level of maize plant-

The food supply position is complicated further by the fact that wheat production may suffer this year because of lower plantings due to farmer discontent with prices and the fact that after two droughts, winter water supplies will be lower than normal. Wheat is primarily a winter crop, reliant on irrigation.

But of far greater significance—from both the food and export position—is the parlous state of the cattle industry. The commercially-owned national herd has fallen from some 3m head in 1976 to an estimated 2.3m head. This is attributable to the war, to disease partly caused by the inability of the veterinary services to maintain the normal dipping procedures in neighbouring tribal areas because of the security situation there, and to large-scale cattle rustling, not simply by the guerrillas but by tribespeople.

Slaughtering

As a result, beef slaughtering will drop from a peak of some 650,000 in 1978 to around 500,000 this year. It will take a minimum of three years to rehabilitate the industry and the lower offtake in the next few years will slow production growth. Worse, cattle rustling is still a major problem even after the end of the war. At their worst, stock losses were running at 1,500 to 2,000 a week, but even in the last week of March they were still 650. But problems in the food sector are more than offset by optimism about the rest of the industry. The tobacco industry, which was the prime target of economic sanctions in the late 1960s, is hoping for a major comeback in the 1980s though there is considerable caution about the prospects for the current sales which started earlier in the month.

Optimists in the industry are hoping for an average price of at least 125c a kg in 1980 as against 92c a kg last year and 99c a kg in 1978. The lower price in 1979 was a result of a large crop, much of it indifferent in quality.

This year, after another drought, a crop of more than 100m kgs, again of mixed quality, has been produced. There is a market overhang of at least 50 per cent of the current crop and this threatens to depress prices. Prior to UDI, Zimbabwean tobacco was heavily dependent on the UK market. Britain imported 46m kg of Virginia leaf from Rhodesia in 1965 at a cost of some \$43m. This was more than 60 per cent by value and over 40 per cent by volume of the 1965 crop.

Oversupply

Since then, British importers have diversified their sources of supply—setting up or partially financing growing operations in the Far East and Brazil. There is an over supply situation in the industry worldwide and with high interest rates, manufacturers are cutting back on stock levels.

There can be no overnight switch back to Zimbabwean-type leaf by UK manufacturers, even assuming that they wished to resume their pre-sanctions dependence on the country, which is highly unlikely. On the buyer side, too, is the fear that the white growers will not stay in Zimbabwe and that no continuity of supply can be guaranteed.

For their part, the growers have been arguing that unless the buyers offer good prices, tobacco will not be a viable crop and supply will fall. The Government is on the sidelines, hoping for good export earnings but, at the same time, worried lest high leaf prices will still more growers away from maize production next season.

For the rest, there is considerable optimism about cotton, though its commercial hectareage is unlikely to increase much because it is a low altitude crop (below 4,000 ft). It has tremendous potential as a peasant family crop—possibly more so than as a commercial one. Zimbabwe's great advantage is that it produces a high quality hand-picked crop.

Soyabean has a future too. Output has already risen from less than \$1m in 1972 to \$11m last year. It is a good rotation crop for maize, and to a degree, tobacco. There is a substantial export sale to South Africa and it has played an import substitution role in replacing fishmeal imports as food for pigs.

Coffee, formerly an Eastern Highlands crop only, is now being produced on a significant scale north-east of Salisbury in the Lomagundi area.

Sugar output will rise sharply in value this year, reflecting the improved world market price and the Mkwinda Lowveld estate is being switched back to sugar from wheat and cotton to benefit from the higher price and the anticipation of preferential market quotas in industrial countries. It is vital also as the feedstock for ethanol.

Even after a poor climatic season, the value of agricultural production will rise strongly this year, mainly because maize yields will be much higher than in 1979 and prices for maize, beef, tobacco, sugar and cotton will all be well up on those ruling in 1979. In value terms, commercial farm output is expected to rise by at least 15 per cent to around the \$500m mark. Although volume will probably be a shade lower in 1980, it should advance strongly next season, given average rains, growing by at least 15 per cent to reach new record levels.

The commercial Farmers Union has estimated that in the next two years, the sector is capable of creating an extra 100,000 jobs adding ten per cent to total employment, though this will depend on the new Government's policies towards land, agricultural product pricing and farm wages. But the most dramatic improvement in output should come from subsistence agriculture—the countryside returns to normal and as rural development programmes are put into effect.

Tony Hawkins

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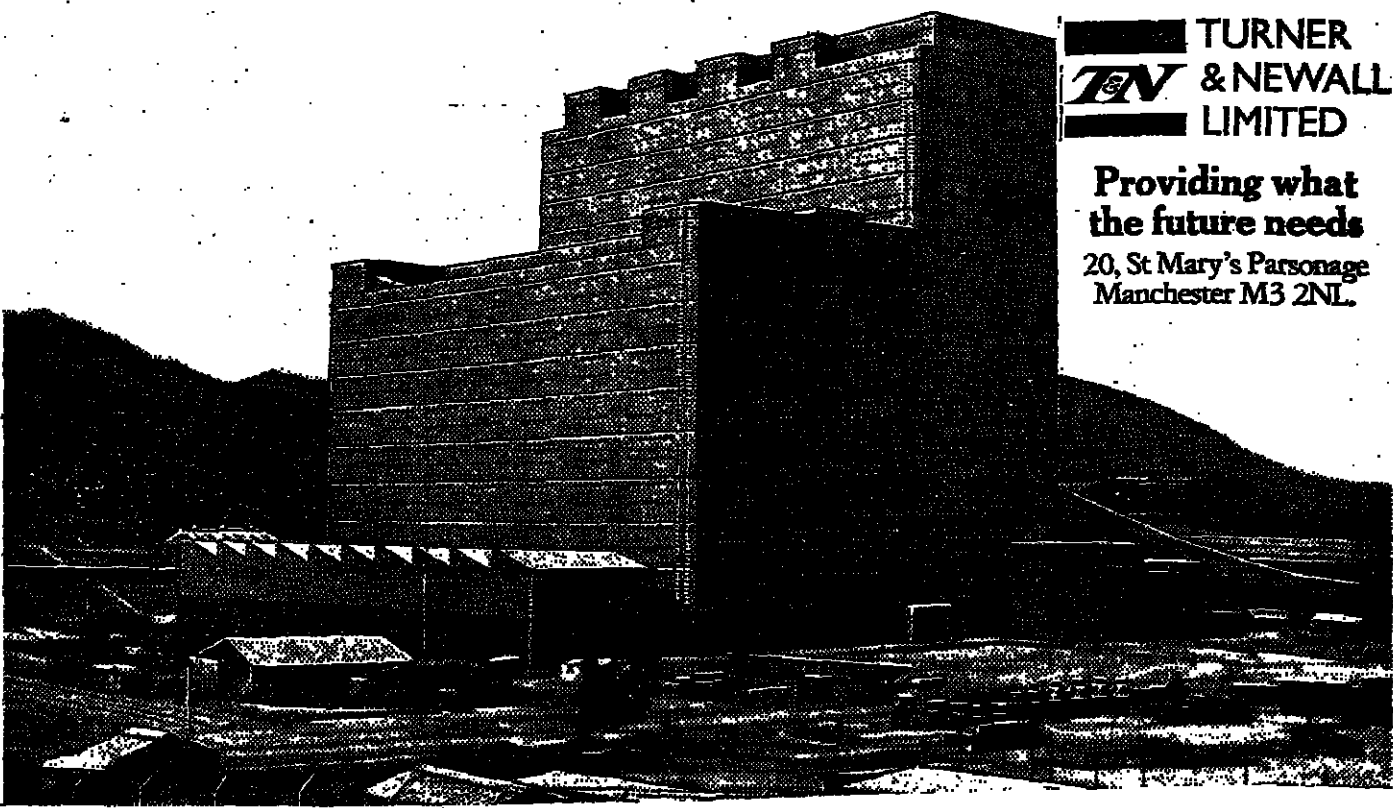
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ZIMBABWE X

Resettlement and land reform is Government's top priority

LAND HAS always been at the heart of Zimbabwe politics. It was first its mineral potential and later its agricultural prospects which attracted the white settlers. Their displacement of Africans from some of the country's best farming land, in a process which continued into the early 1970s, fuelled resentment over the years.

Not surprisingly, then, resettlement and land reform is the new Government's priority. The Minister for Land and Resettlement, Dr. Sydney Sekeramayi, has identified three groups with especially pressing needs: the 150,000 refugees who crossed the borders into Zambia, Botswana and Mozambique; a further 450,000 who fled to the comparative security of the towns; and the half million tribespeople who were compulsorily regrouped by the Smith Government in "protected" and consolidated villages during the war.

But perhaps the thorniest and most complex problem the Government faces involves a fourth group. Some 60 per cent of Zimbabwe's people live in 165 Tribal Trust Lands. For the most part they are grossly overcrowded and overgrazed.

A very different picture comes from the plateau belt running across Zimbabwe with some of the country's best agricultural land, which until 1970 was set aside for white farmers. It is on this land that the bulk of the resettlement must take place, but without curtailing the productivity of commercial farmers.

The massive shift in population that will have to take place over the years if land demands are to be met will be the third since the settlers arrived in the 1880s. The most recent has been the

displacement of about 1m people during the seven-year war. The first was the enforced movement of blacks into "reserves" which began in the 1890s and continued over the next 70 years as part of the policy of land segregation. Nearly 300,000 Africans were moved under the Land Apportionment Act, subsequently the Land Tenure Act. Although the act was repealed in 1979, the pattern of land occupation is virtually unchanged.

● Commercial farmland: 14.8m hectares, occupied by white farmers, or white controlled companies

● Purchase land: set aside in 1930 for freehold tenure by blacks. Of the 1.5m hectares available, 1.1m are occupied by 8,500 farmers, though as many as a third left the land during the war

● Tribal trust lands: 16.3m hectares, occupied on a communal basis by some 675,000 cultivators, with a total population of about 3.5m

● National land: 5.9m hectares of parks and game reserves. The disparity between black and white holdings is enormous. The white farm averages some 2,387 hectares, while African purchase farms are around 125 hectares, and the average family unit in the trust land is 24 hectares. This bold breakdown, however, conceals two important factors. The first is that there are 1.75m black workers and their families living on white farms, and the second is the wide gap in the quality of the land, the result partly of allocation of the bulk of the most fertile regions to whites, and partly of its overgrazing and over-cultivation of the TTLs.

The generally appalling conditions in the Trust Lands are raised elsewhere in the survey. What is unanimously agreed is that something must urgently be done, and land must be found for the 850,000 people who are ill-provided for in the TTLs, as well as for those others in rural and urban refugees who may have no land at all.

What land, then, is available? In 1978, the former government, drawing on information supplied by the Commercial Farmers Union, calculated that some 4m hectares of commercial land (formerly "European" land) was either vacant or underused, and was earmarked for resettlement.

At the start of this year over 80,000 hectares of formerly white land had been bought and were soon to be resettled. In one scheme, on the Middle Sabi and Chisumbanje estates south of the eastern border town of Umtali, virgin bush is being cleared for wheat and maize crops. But would-be settlers have to meet high standards well out of the reach of most peasant farmers, including a \$1,000 deposit.

One economist who has specialised in land policy, Mr. Roger Riddell, calculates that substantially more than 4m hectares is available. At least 3m hectares is unused, he estimates, giving a total of 5.8m hectares or 40 per cent of the commercial farm land. The percentage could rise to 60, he suggests, depending on the definition of underused.

Calculations of commercial land available must also take into account figures on white farm production. Dr Ian Hume, a World Bank economist who formerly headed the local development agency, the Vchitsun

Foundation, has estimated that "over half of all production from the white farm sector comes from about 10 per cent to 12 per cent of the farms. About 90 per cent of production is accounted for by 57 per cent of the farms."

"This at least suggests significant scope for selective reallocation without corresponding losses in production," says Dr Hume. In a foundation paper on land reform.

The Government has to date approached the issue of reform cautiously — and with good reason. The commercial sector is worth annually some \$435m in produce, employs 38 per cent of the wage earning black labour force, and is the prime source of foreign exchange earnings. Moreover it has dalled Zimbabwe to feed itself, and often to export to neighbouring countries, at a time when many of the Southern and Central African States need to import basic foods.

Constraints

But apart from the need to avoid disruption of production, the Government faces some constraints in implementing a settlement programme. The first is the independence Constitution itself.

It contains clauses relating to land acquisition and compensation which have been riven into the constitution when it was drawn up during the Lancaster House conference in London last year, despite the vigorous objection from Mr. Robert Mugabe, the new Prime Minister, and his ally Mr. Joshua Nkomo.

This point was raised at Lancaster House by the guerrilla parties, and a commitment of the British and United States Governments to con-

tribute to an agricultural development fund helped resolve the dispute. But no specific amounts were pledged, and British spokesmen made it clear that the contribution would not be intended to "buy out" white farmers, but would be earmarked for a fund for general agricultural development.

The Minister for Lands, Dr. Sekeramayi, acknowledges that the constitutional provisions are a hurdle: "If considerations of compensation become overriding, then there is very little we are going to be able to do," he admits. But, he suggests, land could be "self-compensating" through the imposition of a tax on vacant or underutilised land. Further, he points out that "most of the countries that have volunteered assistance have been talking in terms of agricultural development, and indirectly or directly these funds can be used for resettlement."

Nevertheless, the Government may well find itself in the politically embarrassing position of having to use at least a part of foreign aid to buy up white land, whose owners are likely to take advantage of the remittance clause in the Constitution.

So far, the new Government, still settling into office, has yet to publish proposals for resettlement. But reform features high on its election manifesto.

It pledges the creation of a land and agricultural development fund "to facilitate the acquisition of land, land resettlement and agricultural development." As much land as is necessary "will come from the private sector for resettlement of the peasant population without land or with poor land," the manifesto con-



The 3,000 inhabitants of Nyachuru, a "protected village" in the Chiveshe Tribal Trust Land 40 miles north of Salisbury, could now return to their homes — if they had not been destroyed by war and weather

tinues, and says that "collective villages" and "collective agriculture" will be promoted. "Material statements have emphasised this will not be compulsory. Land for resettlement will come from 'unused or abandoned land, underutilised land, or land owned by absentee owners', although the private sector—both white farms and the African purchase land—will be retained, they will be 'restricted only to efficient farmers'."

The Manifesto also proposes State farms. "Peasant agriculture will be the basis of collectivisation, such collective agriculture will be by persuasion, rather than compulsion." But it adds: "It is essential that peasant land holdings are combined to constitute viable collective units on the basis of which the State's assistance, technical and financial, can be granted."

It remains to be seen whether the Government can implement these principles despite the constraints.

In one of the few efforts made so far to quantify a land reform programme, Dr. Hume has set out five models, ranging from radical reform aimed at equal farm size resulting in production losses of some 50 per cent, to schemes which retain commercial output but allow for

substantial resettlement. It is possible, he calculates, to carry out a programme with large, small scale and intensive commercial farming alongside a residual traditional farming sector on the basis of the reallocation of 5m to 8m hectares from "white" land to purchase area type farming, together with some 200,000 hectares under intensive settlements.

Unacceptable

But if the Zanu (PF) Manifesto reflects the Government's current thinking, then it would appear that the principles on which Dr. Hume's models are based—the encouragement of individual tenure—are largely unacceptable.

A more radical proposal comes from Roger Riddell, who argues that "rather than extending the system of individual tenure throughout the country... in the long run the land should be divided up into communes with the land owned by the commune members and farmed by them."

Mr. Riddell accepts that the large and medium sized farming units in the commercial areas should be maintained, but suggests that the smaller ones be joined, and the very large sub-divided.

The Declaration of Rights,

effectively entrenched for 30 years, includes a section on "freedom from deprivation of property." Compulsory acquisition can only take place when it is in the "public interest" or in the case of underutilised land, settlement of land for agricultural purposes. Acquisition will only be lawful provided there is "prompt payment of adequate compensation," remittable abroad, "within a reasonable time." The provisions are justifiable and thus the High Court—at present without a single black judge—could have a vital role.

Much is left to the judges, since there is no definition of underutilised land, adequate compensation or prompt payment.

But the potentially enormous foreign exchange liability could prove the biggest constraint. Mr. Riddell calculated that the cost of acquiring the 4m hectares of land by the Mozambique Administration, at 1979 prices would be approximately \$250m. He concludes that "even if a new Government of Zimbabwe were committed to implementing a comprehensive land resettlement programme under the constitution it would find it well nigh impossible to carry out."

Michael Holman

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'Protected villagers' gain freedom but face a homeless winter

THE GATES of Nyachuru "protected village" 30 miles north of Salisbury stand open, the fortified central keep which used to house armed guards is empty, and the dusk to dawn curfew has been abolished.

The 3,000 inhabitants of what is an overcrowded, insanitary rural slum are now free to return to the now derelict homes from which they were compulsorily moved six years ago as part of a massive exercise which saw over 300,000 tribespeople gathered into nearly 200 villages in an effort to isolate them from guerrillas. The United Nations has prepared a U.S.\$140m programme mainly aimed at helping the refugees, only 35,000 of whom have so far been repatriated. Nyachuru itself is in Chiveshe Tribal Trust Land.

In the Maze district of northern Mashonaland, in all, 50,000 people—almost the entire black population of Chiveshe—were moved into 21 fenced villages with food/r perimeter. No compensation was paid for abandoned homes and stores—since destroyed by a combination of war and weather—and scant Government assistance was provided when villagers were moved "behind the wire," as they put it.

Dr. Jim Watts of the hospital at the nearby Howard Institute, run by the Salvation Army, describes conditions at the start of the exercise as "appalling," and calculates that "hundreds" died in the first few months—mainly babies, children and elderly. Although villagers were

allowed to attend their fields during the day—sometimes miles away from the village—at night the crops were ravaged by wild pigs and baboons.

But the villagers have not yet moved back to the sites of their old homes. The summer rains have passed, so it is too late to plant crops, and there is no grass for the traditional mud, pole and thatch huts. In the meantime Nyachuru residents have been subsisting on a diet of mainly pumpkin and leaves, and like most of the other villages, face tough weeks ahead with winter almost upon them.

The problem of the 300,000 inhabitants of protected villages are only part of the heritage of the seven-year war. The Salvation Army has compiled a grim casualty list. At least

27,000 people died and perhaps 10 times as many were injured, 10,000 of whom have lost limbs, sight or hearing, or have been permanently disfigured.

Some 850,000 people were displaced from their homes (including those moved into protected villages) which now have to be rebuilt. Nearly half a million children have missed classes because of closed schools. Some 400,000 people fled the countryside to live in the comparative safety of Salisbury and Bulawayo, and a further 150,000 became refugees in Botswana, Zambia and Mozambique.

The Salvation Army has itself prepared a \$8m rural refugee relief project for the worst-hit areas. Civil servants anticipated the need for a reconstruction programme and have drawn up a \$75m scheme aimed at restoring basic services in rural areas, which they presented to the incoming Government. It is a modest estimate, however, and the Minister of Finance, Mr. Enos Nkala puts the cost at \$200m.

Government officials are hoping that most post-independence assistance will be directed to reconstruction efforts. Britain has already pledged an immediate contribution of \$10m, in addition to a substantial aid programme over the next two to three years, and has launched an international appeal for assistance.

The rural areas, where 60 per cent of the country's 7.5m people live, bore the brunt of the war. The majority of those who died in the fighting were black, and most of those lived in the countryside, killed as curfew breakers, "running with terrorists" or "caught in cross-fire" as Rhodesian military communications put it.

And as the war intensified so the institutions, serving regions already strained by overcrowding and overgrazing of generally poor land, began to collapse.

Curfew

The objective of the guerrillas was to make government of the countryside impossible and force the 8,000 white farmers off the land. Some institutions were closed because of direct guerrilla action; others because the war, which left most of the land under curfew and martial law regulations, made normal life impossible; and some because closure or confiscation was the way Government "punished" nationalist supporters, or was part of military strategy—such as the closure of grinding mills in an effort to starve out their opponents.

Education was especially hard hit. There are approximately 2,200 rural African schools. But by late 1979 at least 1,600 had closed, affecting 485,000 children—50 per cent of those at school. A further 15 per cent cannot get to primary school, usually because their parents are too poor. Medical facilities have also

drastically deteriorated. Of the 275 Government primary care clinics, 178 have closed while 14 of the 57 Government hospitals were forced to shut. Mission services have been curtailed, with 23 of their 62 hospitals and 17 of their 48 clinics closed. Not surprisingly there are reports of increases in a variety of illnesses, including measles, scabies, bilharzia, venereal disease and sleeping sickness.

20-year setback

The impact on Trust Land agriculture has been appalling. About 80 per cent of the 1,350 cattle dips were destroyed, which has led to an increase in tick-borne diseases, while curtailed veterinary services is one reason for the spread of foot-and-mouth, anthrax and rabies. Perhaps most damaging of all is the encroachment of the tsetse fly. Agriculturalists reckon the eradication programme—which at one time saw teams operating up to 25 miles into neighbouring Mozambique—has been set back 20 years. The net result is a disastrous fall in the black-owned herd, from 3.4m in 1977 to 2.4m last year, and still falling.

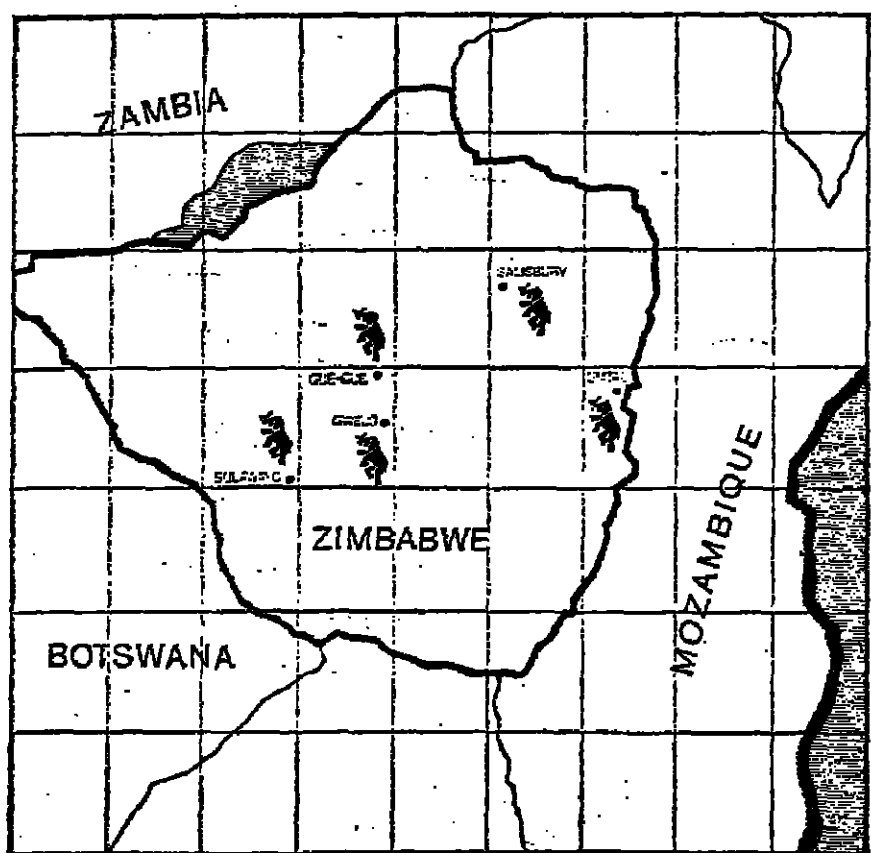
Food production has also dropped. The state-controlled Grain Marketing Board sold 375,000 tons of maize (the Africans' staple diet) in 1977. Last year it was 650,000 tons—partly the consequence of drought, but also reflecting the decline in peasant output and the demands of urban refugees. In two other important respects the rural infrastructure has broken down. The administrative network was based on 241 local councils, staffed by blacks with some powers but ultimately under the authority of the white District Commissioners. Thus they became targets for the guerrillas and by the end of the war the overwhelming majority of councils were barely functioning.

For a variety of goods and services—basic foods such as salt, sugar, and cooking oil, and possible and force the 8,000 white farmers off the land. Some institutions were closed because of direct guerrilla action; others because the war, which left most of the land under curfew and martial law regulations, made normal life impossible; and some because closure or confiscation was the way Government "punished" nationalist supporters, or was part of military strategy—such as the closure of grinding mills in an effort to starve out their opponents.

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هكمان النحل

ZIMBABWE XI

Conditions grow worse in Tribal Trust Lands

THE VISITOR who drives out of Zimbabwe's towns and cities, and travels beyond the white farmland, will discover another country—the 165 Tribal Trust Lands (TTLs) where half the nation's 4.5m people live under conditions which for the most part have been steadily deteriorating.

While there are exceptions, it is generally a picture of critical land shortage, falling per capita food production, serious soil erosion and overgrazing, growing disease and malnutrition and an increasing number of landless peasants.

The rate of population increase of at least 3.6 per cent a year means that the number of people will double by the end of the century. Although land redistribution, and irrigation of otherwise marginal areas will ease the short-term pressure, Zimbabwe faces an enormous challenge in the pro-

vision of schools, jobs and social services. Some of the population increase will be absorbed by the urban areas—currently holding 20 per cent of the population, and likely to increase—but it is the TTLs which will feel the strain.

It was the rural areas which bore the brunt of the seven-year war, and elsewhere in this survey is an account of the damage wrought: schools, hospitals, clinics and cattle dip tanks closed; the spread of animal and human disease; the impact on agricultural production.

The war, however, exacerbated an existing malaise, due primarily to a history of inequitable land policies and neglect which goes back to the occupation of the country in the 1890s. In the last decade of that century some 15m acres of the country's 96m acres of land

were expropriated by whites, "thus establishing a status quo which subsequent world-be reformers found virtually impossible to disturb," writes the historian, Dr. Robin Palmer.

The subsequent establishment of black "reserves" was not initially intended to lay the foundations of segregation. Rather it was to provide a secure base for blacks from which a transition could be made to a growing urban economy. But this was not how it was to turn out.

The report of the Morris Carter Commission in 1925 confirmed their status as black "homelands."

Africans lose

"From all angles the Africans lost as a result of the Morris Carter report," writes Malcolm Rifkind in his study of land in Rhodesia. "In return for their seven million acres (the reserves) they surrendered—or rather, had removed—their rights to almost 70m other acres: they were permanently excluded from the towns and cities except as temporary rootless labourers; and thus their future was to be restricted to the reserves and scattered purchase areas without any homogeneity and with few links between the numerous land holdings."

The policy of land segregation, to be adopted by successive governments, was entrenched in the 1930 Land Apportionment Act which set aside 9 million hectares as native reserves under communal ownership, and 204m hectares as "European land" with a further 3m hectares set aside for black freehold tenure, known as "native purchase areas."

The population of Zimbabwe was then nearly 1m Africans and 50,000 whites. The legislation went through a number of amendments, and by 1970, under what had become the Land Tenure Act, Tribal Trust Land covered 16.3m hectares, purchase lands 1.5m hectares, and European land 15.2m hectares. When the Act was repealed in February, 1973, the net effect was to remove the racial restrictions but leave the structure which had built up over the years unchanged.

The allocation of the country between black and white was inequitable in terms of both quantity and quality of the land. Zimbabwe's agro-ecological regions are classified from one to five, with regions one to three

suitable for intensive or semi-intensive use. Categories four and five are too arid for cultivation. Ninety per cent of the TTLs fall into region four and five, while only 13 per cent and 21 per cent of regions one and two respectively, are Trust Land. The TTLs suffer from further structural disadvantages. Two-fifths of them are over 50 miles from a railway, and three-fifths are over 50 miles from any large town.

Inevitably the pressures on land have built up over the years. In 1962 the Phillips Commission estimated the human capacity of the TTLs at 1.68m people. Today they have a population of 3.5m. A host statistics bear witness to the consequences: exhausted land, overgrazed yield, falling output and the emigration of male adults to towns, which compounds the problems.

Marketed sales from rural households fell from \$23.3m to \$20.3m (current prices) between 1974 and 1976. "On a per capita basis measured in real terms," says Zimbabwean economist Dr. Duncan Clarke, "this represents a massive impoverishment of the peasantry."

The position has deteriorated further during the war years. It has been estimated that an average of 385 lbs of maize (the staple food) per head is required for basic needs. In 1962 the TTLs produced an average of 252 lbs per person but this fell to 231 lb by 1977. In 1978, following a severe drought, production fell to 40 per cent of TTL needs, and the position is thought to have worsened last year.

Temporary

The pressure on the land is coming from animals as well as humans. In 1965 it was estimated that some 50 per cent of all grazing land in the TTLs was either bare or very overgrazed. As the African-owned herd increased to a peak of 3.4m in 1977 the position worsened and the loss of 1m cattle during the war has provided only a temporary respite. And the land is being further denuded by about 1.5m goats and 500,000 sheep.

But despite the increase of cattle up to 1977, ownership per head has been falling. In 1960 two-thirds of the people owned at least one head of cattle, but today the percentage has fallen to under half—which means that more and more peasants are



Health care for blacks at a hospital run by the Salvation Army

Ashley Ashwood

without a draught animal which also provides fertiliser for the crops.

The net result has been steadily increasing poverty, with real incomes falling by 40 per cent between 1948 and 1970, according to one study.

Another disquieting development is an increasing number of peasants without any land at all. No national figures are available, but Dr. Weinrich, in her study of African farmers in Rhodesia, writes that in some areas over 40 per cent of the men between the ages of 16 and 30 are landless.

As the conditions in the TTLs have deteriorated, so the composition of the population has changed. At the last census in 1969 only 17 per cent of the TTL population were adult males, compared to 45 per cent in the towns. "The absence of economically active males from the tribal areas," says one Government economist, "is one of the

greatest obstacles to their development."

Yet the TTLs continue to play a role in the Zimbabwe economy which effectively contributes to their impoverishment: they subsidise low urban wages and provide a social security system.

The pay of most workers in the cities and towns is too low to allow a man to support his wife and family, who remain behind in the Trust Lands. In the urban areas, notes Roger Riddell in a paper on land policy, the poverty datum line wage for family of six is about \$90 a month—yet half the urban labour force receives under £45 a month.

Since pension schemes are either inadequate or non-existent at the end of his career—or should he lose his job—the workers must expect to return to his "home" in the countryside. "Thus," writes Riddell, "the TTLs act as a

wage supplement for employers."

"Workers are forced to maintain their rural links during the time employment to make up the shortfall in wages. At the same time the TTLs act as a continual source of labour supply because the low level of production in the TTLs acts as a guarantee that workers will continue to seek work outside the TTLs to supplement their desperately low subsistence agricultural income"—about £10 a month.

Studying

The incoming Government has yet to put forward its proposals for the improvement of the TTLs and is still studying the Integrated Plan for Rural Development published by the previous administration in July 1978.

The plan acknowledges the critical state of the Trust Lands.

The first priority, it says, is those areas of highest population and livestock pressure, with lowest per capita income. These have been identified and grouped into five intensive rural development areas in which assistance is to be concentrated. The second priority is the encouragement of Trust Lands with high agricultural potential, while the remaining lands fall under a less intensive programme.

However, some of the assumptions on which the plan is based have already been rejected by the new Government. It rules out, for example, communal farming, but this approach has been advocated by the Prime Minister himself and is official Zanu (PF) policy.

What is generally accepted however, is that the Trust Lands are among the most pressing of the tasks the new Government must tackle.

M.H.



Ashley Ashwood

Villagers in the Chiweshe tribal trust land near Salisbury: the Government has yet to put forward proposals for improving their lot

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ZIMBABWE XII

Mining plays strategic role in economic development

EVEN UNDER economic sanctions, and during the guerrilla war, the Zimbabwe mining industry enjoyed growth that is the envy of many less developed countries. Although mining accounts for only 7 per cent of Gross Domestic Product and provides work for only 6 per cent of the employed labour force, it can be expected to play a strategic role in the development of the Zimbabwean economy in the 1980s on two major counts.

First, upwards of 90 per cent of output is exported—increasingly either in processed or semi-processed form. Gold is once again the country's leading export as it was in the 1920s and 1930s, with net gold sales last year valued at \$78m; asbestos, copper, nickel and ferrochrome are all leading

export earners. Direct mineral exports in 1979 were valued at more than \$200m (about a third of the total), while the industry also provided raw materials for a further 10 per cent of manufactured goods exports. Thus there are considerable linkages in each direction with the manufacturing sector.

Secondly, assuming no major State intervention in the industry, the mining sector is set to become a field for large-scale international investment during the 1980s. The value of mining output has risen nearly 400 per cent since economic sanctions were imposed in 1965, while the volume of output doubled between 1964 and 1976. Since then it has declined some 10 per cent, though this fall was reversed towards the end of last year and strong expansion is

anticipated in the next couple of years.

After growth by value of almost 25 per cent last year the official forecast is that this will increase a further 33 per cent in 1980 to \$420m. It is based on the hitherto rather conservative assumption of a gold price of \$300 an ounce, which was comfortably exceeded in the first quarter of this year. Indeed, in the first two months of 1980 the value of mining output at more than \$73m was 90 per cent higher than in the comparable period last year.

Significant

Although the bulk of the country's mineral production is generated by a handful of mining "majors"—Anglo American Corporation, Rio Tinto, Lonrho, Messina Transvaal, Johannesburg Consolidated Investment, Union Carbide and Turner and Newall—smaller output is of considerable significance, especially in gold mining. The Ministry of Mines has compiled details of 1,000 dormant gold mines; more than 100 of these have reopened in the last six months alone in response to the sharp rise in the bullion price. Prospecting activity—in the doldrums in the 1977-79 period as the major mining houses and smallworkers pulled out of the field because of the war situation—has revived strongly. In the past three years only 13 new exclusive prospecting orders (EPOs) were taken out to search for new minerals; in the first two months of 1980 the Government dealt with more than 20 applications for EPOs.

It is estimated that in 1980 gold and silver output will be possible for virtually half the country's mineral production. Growth prospects in gold are largely pinned to the smaller and medium-sized mines, though there is one major gold property being developed at the present time. This is the Renon Gold Mine

owned by Rio Tinto. The chairman of Rio Tinto Rhodesia (RTR), Mr. W. V. Rickards, announced this month that the go-ahead to establish a medium-sized gold property at a cost of some \$12m only awaited confirmatory drilling of the reef in depth. Renon has a milling rate target of 15,000 tonnes a month and will join Falcon's Dainy Mine as the country's two largest gold producers if events go as planned.

Smaller but still very important projects include Lonrho's development of the Atharva Mine, using the carbo-pulp process, and the retreatment of mine dumps, the most important of which is the Cam and Motor operation conducted by Rio Tinto. From this dump RTR plans to produce 240 kg of gold in 1980.

At present the Lonrho group is producing more gold than any other mining company, though its directly owned mining operations and also via the Coronation Syndicate Mines the Mazoe, The Arcturus and the Muriel.

No detailed production figures of Zimbabwean gold output, giving the breakdown by commodity, have been published since 1965, but after gold the important minerals currently in production are asbestos, copper, chrome, nickel and coal. Major expansion in the asbestos industry by the Turner and Newall group has been taking place at Shabani in the Midlands in recent years but no output figures have yet been released. However, it is known that a significant expansion in asbestos production will take place in the next two years as a result of recent investment programmes carried out during the sanctions period.

In the copper industry, short-term hopes are pinned to the resumption of capacity output at Lonrho's Inyati Mine, where production was cut by one-third in 1978. As yet no decision has been made to resume full production. Lonrho's Shamrock Mine, also closed because of



Work in progress at the Mazoe gold mine, owned by Coronation Syndicate, a Lonrho subsidiary

depressed copper prices, is another expansion possibility but the major prospect for increased output is currently MTD Mangula, which is the country's largest copper producer. First-half profits at Mangula were up 114 per cent before tax in the half-year to March 31 thanks to higher copper prices and increased silver earnings. The group is currently involved in building a 20,000-tonne capacity refinery to produce cathode copper which is due to come into operation next year. Mangula's sales cathodes produced by the refinery will be marketed at a premium and relative earnings per tonne of copper will improve.

In nickel, aside from the producing mines—Madziva, Trojan and Epoch owned by Anglo American, Empress owned by Rio Tinto and Shangani owned by Johannesburg Consolidated Investment—there is one major prospect on the cards. This is the Hunters Road, in the Midlands, find by Union Corporation, reputed to be the largest and potentially most profitable deposit in the

country. It has been suggested by geologists that the Great Dyke, which runs through Zimbabwe from north-east to south-west, could possibly contain even greater nickel potential than the 450m tonnes of chrome ore reserves. The entire nickel mining industry in Zimbabwe is a post-sanctions development—no nickel was produced in the country until the late 1960s.

Prospects for the chrome industry are mixed. Chrome production fell in the late 1970s following the repeal of the Byrd amendment which had allowed U.S. importers to buy chrome and ferrochrome from Rhodesia in defiance of UN sanctions. There are two major ferrochrome smelters controlled by Anglo American Corporation, whose Rhodall plant at Gwelo in the Midlands has an annual capacity of 22,000 tonnes of low-grade ferrochrome a year, 2,400 tonnes of ferro-manganese, 38,000 tonnes of ferro-silicon chrome and 50,000 tonnes of high carbon ferrochrome. There are plans to double the high carbon ferrochrome output to 100,000 tonnes annually by 1982. It is a reflection of post-

sanctions development in the industry that the entire "A" complex, which can produce 38,000 tonnes annually of high carbon ferrochrome and ferro-silicon chrome, was commissioned after UDL.

Initial U.S. demand for the Zimbabwean ferrochrome following the lifting of sanctions has been good and the material has been given duty-free entry to the EEC. Duty-free entry in the U.S. market is also expected. The industry is hopeful, too, of breaking into Comecon markets with low carbon ferrochrome.

Too weak

But the outlook for selling the ore itself, rather than the processed product, is not encouraging because of the transport cost and distance factor. Furthermore, even with ferrochrome the Rio Tinto Group has said that in its view the market is too weak to resume its small-scale operations at the present time.

There will be very substantial expansion in coal production at Wankie over the next few years to service the new thermal power station there and scheduled to start operations in 1982. A very substantial investment of more than \$100m will be needed to double Wankie's current output from around 3m tonnes a year to 6m. In addition, there are several other major potential coal developments that could be implemented. Plans are in hand for a new mine to be opened up in the Labundia area, where the Industrial Development Corporation has a major deposit. There are 23 known coalfields in the country, with Rio Tinto having a significant deposit at Sengwa and Rhodesian Oil Products also working on a coal property.

Given the length of time it will take to develop alternative hydro-electric projects, there will clearly have to be major developments in coal-mining to provide thermal power in the latter part of the 1980s. In addition, the possibility of developing a methanol from coal plant to reduce oil imports


is under investigation.

Long-run prospects include the possibility of uranium development and more copper finds in the Kariba area. There are plans to start an aerial survey of the area as soon as possible. Rio Tinto has started work on a pilot plant to establish mining methods and prove the proposed treatment process at its Winza platinum proposition. There is considerable potential too for what are currently minor metals in Zimbabwe—lithium, tin, mica, cobalt and tantalite being prime examples.

The volume of mineral production should pick up strongly this year as dormant gold mines are re-worked, as ferrochrome capacity is more fully utilised, as coal production is increased at Wankie and as the extra asbestos capacity becomes operational. But given the long lead time in bringing major mining projects into production (as Zinc will take two years to prove the platinum process and work on a major mine would only start thereafter, pushing back the commissioning date of a large new mine to the second half of the 1980s), there may well be a slowdown in volume growth in the 1982-85 period, picking up thereafter as major projects come on stream.

Much of this rosy scenario is dependent on three crucial assumptions. The first, and most important, relates to Government policy towards the mining industry. Some of the options outlined in the UNCTAD report prepared for the Patriotic Front would certainly deter new investment by the major mining international. The second relates to the availability of skilled manpower. If there is a rapid exodus of skilled whites from the mining industry heading south for the good jobs on offer in South Africa then output targets will not be met. Finally, there is the transport bottleneck which has plagued the industry in the past and which may do so again in future, especially if transport links with South Africa are jeopardised in any way.

T.H.



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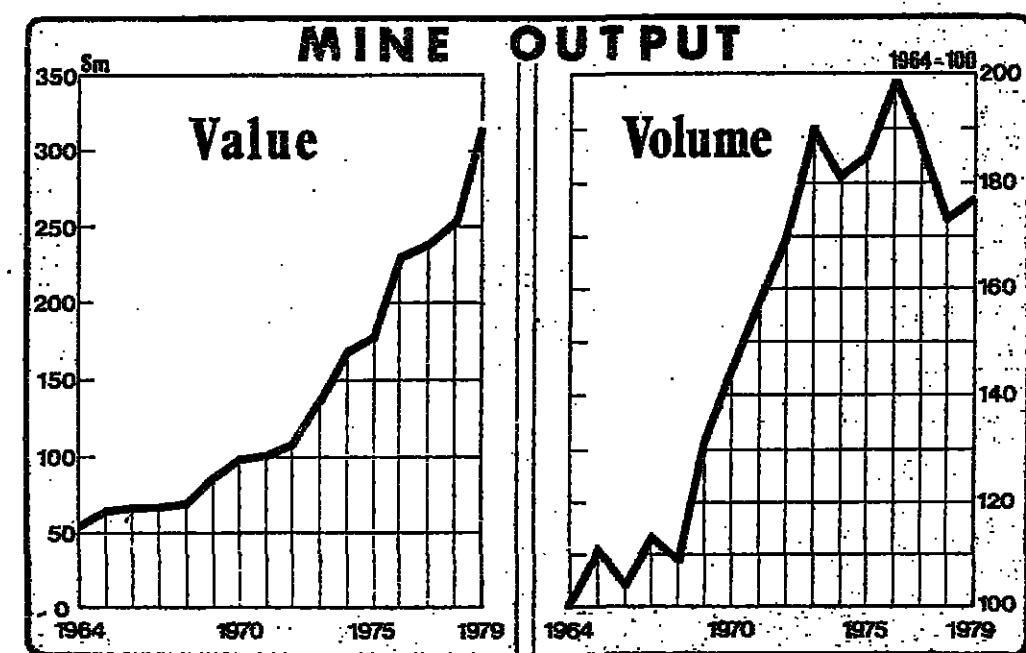
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Industry survives seven years of war

ALTHOUGH THE bush war has undoubtedly taken its toll of the Zimbabwean economy, the physical damage to secondary industry has been minimal. The gross output of the manufacturing sector, valued at an estimated \$1,400m for 1979, was in real terms only some 6 per cent below its 1974 peak. The industrial workforce, of approximately 143,000 last year, was only some 7.8 per cent below its previous highest level reached in 1975.

The reason the war has had so little apparent effect upon manufacturing output and employment is that almost 75 per cent of industrial production originates in the two major

cities. Although tea factories and sawmills in remote parts of the country were damaged, sometimes extensively, during the seven years of armed conflict, the problems facing the manufacturing sector today are essentially structural rather than the making good of physical damage resulting from the war.

Two factors particularly have exercised a malignant influence over secondary industry, especially during the past five years. These were the acute scarcity of foreign exchange and the serious shortage of skilled manpower. Contrary to popular belief, sanctions have not exerted a crucial influence

over industrial growth and development, although by raising the cost of imports and reducing the return from exports, they turned the terms of trade against industry and exacerbated an already acute foreign exchange allocation problem.

Because the war was fought with a largely territorial army, industry's skilled manpower resources were required to double for both security and productive duties. This is generally accepted as having led to some decline in industrial productivity. There is little doubt too that the constant call-up of civilian personnel, particularly during the past two or three years, contributed materially to the high rate of emigration and the permanent loss to the economy of skilled manpower.

Above all, however, it has been the severe shortage of foreign exchange, particularly since 1974, which has had the most detrimental effect upon industrial production and upon manufacturing morale generally. For much of the intervening period, global import allocations to industry were only some 55 per cent of their 1974 levels. For companies whose output was accorded low priority, the reduction in allocations was even more severe. The surprise was that these savage cuts did not produce widespread factory closures and greatly increased unemployment. They did however produce noticeable shortages of many non-essential goods. This has even such a usually well-informed body as the CBI, apparently, to conclude erroneously that lack of productive capacity rather than the supply of essential imported inputs was the root cause of the deficiency.

The structural problems facing the industry are by no means all on the input side however.

The country's geographical position, its important agricultural and mineral resources and the influence of sanctions

have produced a high degree of economic interdependence between secondary and primary sectors. Although manufacturing industry makes the largest single contribution to national income—about 21 per cent of GDP in 1978—it relies heavily upon local agricultural and mineral production for its raw material supplies. It also depends upon these sectors as important markets for its output of foodstuffs and other consumer goods—in which the country is virtually self-sufficient—as well as for an increasing demand for raw materials, such as chemicals and fertilisers and capital equipment, such as agricultural and mining machinery.

Dependent

Thus the health of the manufacturing sector is very much bound up with that of the primary producing sectors. The latter is in turn governed by the level of world demand for their products. Again, the commonly used description of the "closed economy" overlooks the fact that the country is heavily dependent upon international trade to the extent of approximately one quarter of its national income.

As far as future prospects are concerned, the problem of the inadequacy of inputs seems likely to be the more easily resolved. The upturn in world commodity prices since the beginning of 1979 has had its predictable, beneficial effect upon foreign exchange earnings. Industrial import allocations have already risen by almost 60 per cent in 1979. They have been raised by a further 15 per cent for the first six months of the current year. While the increase in real terms is much less dramatic, it is by no means insignificant. This can be judged from reference to changes in the volume of industrial output which, having fallen by 15 per cent over the four years 1975 to 1978, rose by 8.9 per cent in 1979. This expansion has continued strongly into 1980.

Like the allocation situation, the skilled manpower restraints of the war years can also be expected to take a significant turn for the better. The abolition of call-ups for the over 50s and the sharp scaling-down, as the war effort dwindles, of the commitments of other experienced personnel will return a substantial proportion of skilled manpower to full-time production processes to a wartime which have adapted their pre-war shortage of skills may well be embarrassed, at least for a while, by having their full complement of skilled manpower available to them for the first time in many years. The embargo on defence contracts which can now be expected to fall off. The end of the war and the reduction in call-ups should also have some beneficial influence upon the emigration statistics.

The effect of output considerations upon the future course of industrial production is likely to be at one and the same time, more diffuse, less certain and more difficult to assess. Domestic demand should expand significantly as employment increases and wages rise, as activity in the rural areas picks up, as schemes for land settlement are implemented, as mining exploration and development get under way and as the stimulus of higher world market prices for commodities makes itself increasingly felt upon the level of spending by the primary producing and exporting sectors.

Hopeful

In addition to expanding domestic demand, industry is also hopeful that it will be able to take advantage of expanding markets in neighbouring countries for a wide range of domestically produced manufactures. Now that sanctions have fallen away, the potential importance of markets to the north has been highlighted by the recent Lusaka

discussions on the formation of a Southern African common market which will extend to the Republic of South Africa. In this proposed new grouping, Zimbabwe, with its much stronger and diverse industrial base, could expect to play the dominant role. Much interest has also been generated in the possibilities which could result from accession to the Lomé Convention and participation in the Generalised System of Preferences.

One problem which industry is likely to face in any expansion of productive capacity to meet the increasing needs of both domestic and foreign markets is that of bottlenecks in transportation. There is little doubt that both its own and its neighbours' transport system and ports will have to be expanded significantly if the limited capacity to move Zimbabwe's imports and exports is not to restrict development. But by far and away the biggest single factor presently governing the future course of industrial output and employment is the state of uncertainty which pervades local manufacturing circles concerning the attitude of the incoming administration towards the future role which it sees for the private sector.

So while secondary industry welcomes the improved economic prospects which the attainment of legal independence is expected to confer, it anxiously awaits the unveiling of the new Government's economic and industrial policies. Until these are known, manufacturers will be unable to judge whether their calculations will have been premature, or whether they will have marked the beginning of a new phase of expansion and the acceptance of an opportunity, which the already substantial and diversified industrial base provides, for giving a glowing example of development to Africa and the world.

J. A. C. Girdlestone
Mr. Girdlestone is president of the Association of Rhodesian Industry.

*The rush to
Rhodesia*

ZIMBABWE

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Sanctions led to dependence on local capital

ZIMBABWE'S FINANCIAL and banking infrastructure has fairly been described as the most sophisticated and developed north of the Limpopo. Its real worth was demonstrated by the system's ability to mobilise domestic savings on a substantial scale during the sanctions period when the country was denied open access to international capital markets and when the subsidiaries of multinational corporations were precluded from drawing funds from their parent companies.

The sanctions process worked both ways, of course, blocking funds within Zimbabwe that constituted a ready pool of liquidity that could be mobilised and exploited by the public sector in particular but also, though to a lesser extent and especially in recent years, by the private sector.

In 1965, net public sector borrowings in the domestic capital market amounted to only \$1.5m, but by 1978 such mobilisation of domestic savings had increased to \$238m. The figures for 1979, not yet published, were even higher.

The extent of dependence on the local capital market under sanctions is shown in the table.

Reflection

The degree of relative sophistication of the monetary system is reflected also in the ratio of demand deposits to the (narrowly defined) money supply (M1). In Zimbabwe this is the total of demand deposits and notes and coin in circulation. The lower the ratio of bank money to notes and coin, the less sophisticated and monetised is the economy. In fact, in Zimbabwe last year, demand deposits accounted for almost 77 per cent of M1. This is far nearer the kind of pattern one expects to find in a modern industrialised economy than in a less developed one.

This picture is evident too from both the number and range of banks and near-bank institutions operating in the economy. At the centre of the Zimbabwean structure stands the Reserve Bank of Zimbabwe, which fulfils the normal central banking role.

Next in line in money market linkages come the two discount houses (BARD—formerly the British and Rhodesian Discount House) and the Discount Company of Rhodesia. Both have close links with the London discount market, mirroring their operations as far as possible on the London pattern. There are four commercial banks—the Standard, Barclays Bank International, Grindlays and Rhobank. Rhobank is the majority-controlled subsidiary of Nedbank in South Africa.

Two of the commercial banks—Standard and Rhobank—have their own merchant banking arms and in addition there are two older merchant banks, namely RAL (formerly Rhodesian Acceptances), controlled by the Anglo American group and the Merchant Bank of Central Africa whose shareholders include Rothschilds and Hill Samuel.

To these must be added a range of non-bank financial institutions operating in the purchase and leasing field. Both Rhobank and the Standard have their own financial institutions (Scottho and Standard Finance) but UDC (United Dominions Corporation), controlled by a UK parent, is a major force in this market too.

There are three building societies with total assets at the end of last year of \$528m and the State-owned Post Office Savings Bank provides a home for the small saver who earns tax-free interest on his savings or fixed deposits.

Market shares vary with seasonal and cyclical factors to some extent, but taking total deposits of the commercial banking system as a yardstick, the Standard is comfortably the largest bank (44 per cent), followed by Barclays (34.5 per cent), Rhobank (15 per cent) and Grindlays (6.5 per cent).

DEPENDENCE ON LOCAL CAPITAL

Period	Net Borrowing From Abroad	Gross Fixed Capital Formation Domestically	Ratio
1966-70	71	765	91
1970-75	268	1,066	84
1976-78	25	1,100	96

But on a total banking sector basis, the Standard's share in 1978-79 was 37 per cent followed by Barclays with 25 per cent and Rhobank with 17 per cent. Grindlays had 6 per cent and the two merchant banks (RAL and MBCA) had between 5 per cent and 6 per cent each. UDC had some 3 per cent of the total financial sector market.

At the present time, the entire banking sector is awash with liquidity. All commercial banks are much underlent. They are required to hold liquid asset ratios of 35 per cent but throughout the system liquidity is well above this level, though a significant increase in lending and tightening of liquidity is anticipated towards the end of this year and in 1981. For the time being though, bank profitability is adversely affected by the extent of underlending.

A further indication of the growth of the system was the publication earlier this month of the first assets and liabilities statement from the Reserve Bank of Zimbabwe since November 1965. This showed that total balance sheet values had risen from \$67m in 1965 to more than \$400m. The country's gold and foreign exchange reserves were valued at \$198.5m as against \$47m in 1965. The country's gold holding was \$42m (\$7m in 1965).

There have been very few changes in the interest rate structure. Bank Rate set at 4.5 per cent before UDI, still remains at that level. The rate on Treasury Bills has fluctuated very narrowly between 3.5 per cent and 4 per cent in the last 15 years. The rate on short term Government Stock (three years) is 4.9 per cent while at the long-term end of the market the rate on 35-year Government paper is 8.9 per cent.

At the long end of the market, interest rates will rise over the next 18 months, reflecting a higher inflation rate (now well into double figures), increased demand for funds at all levels, a substantially enhanced public sector borrowing requirement (to finance the development programme and also the heavy anticipated budget deficit) and some reduction in the supply of domestic financial resources as there is a phased release of blocked funds.

Analysts believe that in addition to paying higher interest rates on long-term stock, the Government may also have to increase the holdings of Government and near-Government stock of the main institutional investors—the insurance companies and the pension funds.

Active

The Zimbabwe stock exchange has enjoyed very active trading conditions and a prolonged bull market since late 1973. At present, industrial share prices at 386 on the Index (January 1967=100) are only fractionally below their record peak of 395 recorded just before Christmas last year. The market took a very brief knock from Mr. Mugabe's election victory—with prices falling 10 per cent on the results to a low for the year, but at current levels, industrial shares were some 19 per cent higher in mid-April than at the time of the announcement of the Zanu (PF) victory at the polls.

Since the market bottomed out in mid-1973 at 189 on the Industrials Index, share prices have more than doubled. On the Mining Index, the improvement in prices has been even

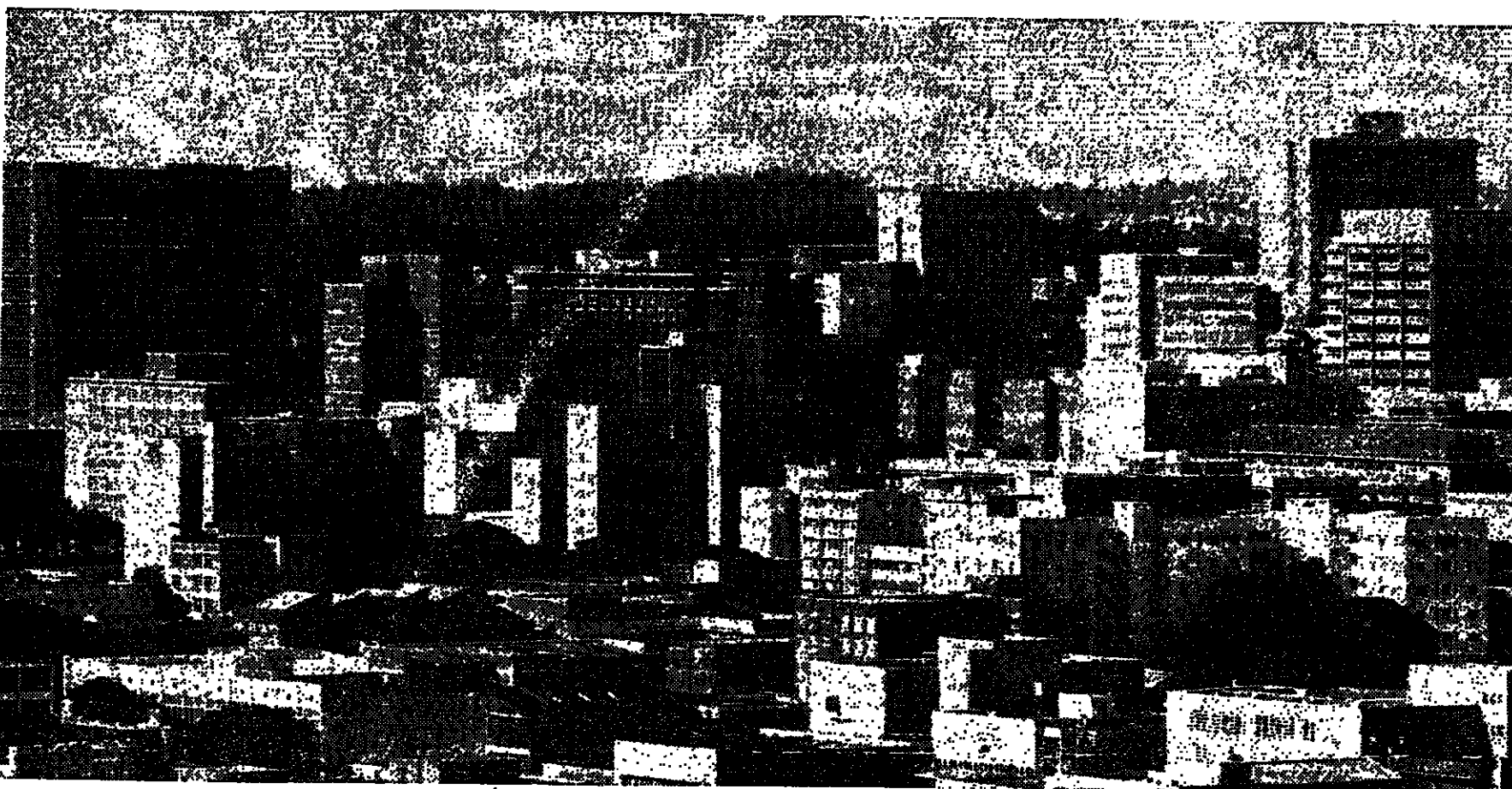
more dramatic—from a 1979 low of 94 to a peak this year of 275—a rise of almost 200 per cent in 15 months.

In part, this is explained by the surge in corporate earnings, particularly in the minings where the nickel, gold and copper stocks have benefited from sharply higher metal prices. In part, the bull market reflects political relief and optimism at the end of the war and the lifting of economic sanctions and in part, it is a measure of the relative scarcity of investment opportunities, for institutional investors in particular, which has pushed prices rather higher than seems realistic.

The average yield on a Zimbabwe equity today (no tax is paid on dividend income in the hands of shareholders) is 5.5 per cent. This is roughly half the rate of inflation and some analysts believe that prices have been pushed too far too fast and that a period of consolidation is necessary to allow dividend yields to advance.

Stock Exchange turnover in 1979 was valued at nearly \$71m—134 per cent higher than in 1978. In the first quarter of 1980, turnover again rose steeply from \$11.5m in the first quarter of 1979 to nearly \$23m—almost a 100 per cent increase.

T.H.



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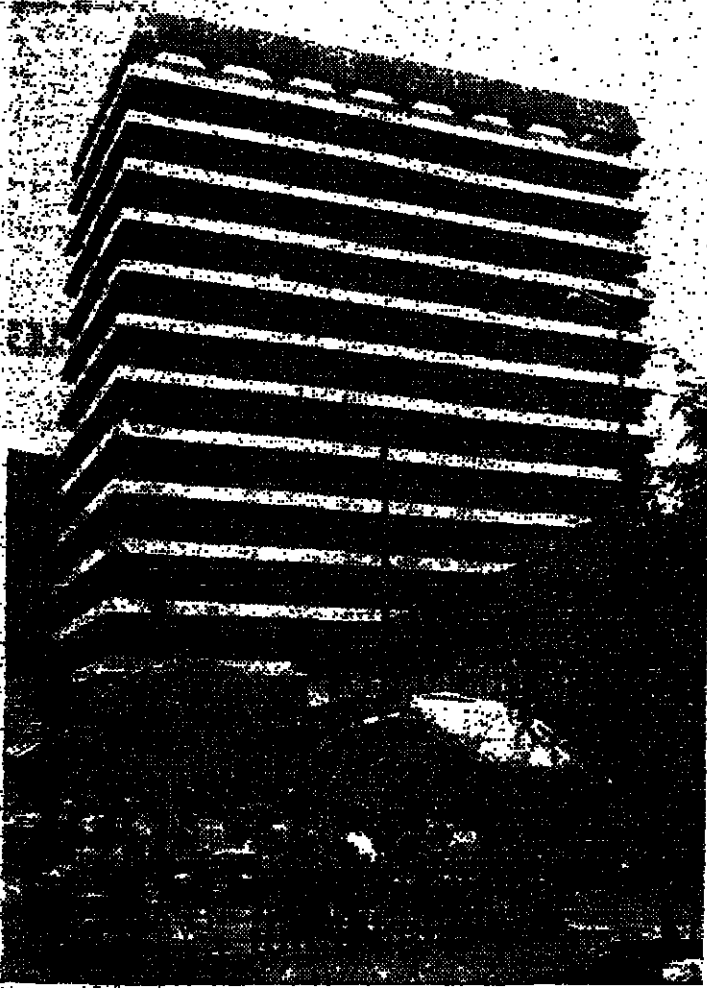
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Africanisation—the most sensitive manpower issue

AFRICANISATION IS almost a dirty word in Zimbabwe. Everyone it seems, wants to call the concept something else. Localisation and Zimbabwianisation are popular alternatives, the former among the business community, the latter among black nationalist circles, both are suitably deracialised terms. African advancement, or black advancement, are further variations on the theme which do carry the racial connotation but somehow do not imply the complete process of transformation which the other terms suggest. Yet in the end the theme is the same.

"The real pressure in the next few years, whether the Government will admit it or not, is going to be for Africanisation, in the meaning of blackening," says Professor Marshall Murphree, director of the Centre for Inter-racial Studies at the University of Rhodesia. In a country where both the public service and all the heights of the economy have been dominated, controlled and almost exclusively occupied by whites hitherto, a drastic process of Africanisation is both politically and practically inevitable. The question is at what pace the process can and should happen, what problems it will present, and how far it should go, rather than whether it will happen.

Wildcat strikes

The new Government of Mr. Robert Mugabe faces possibly its most urgent and difficult problems on the manpower front—among which Africanisation is simply the most sensitive. It was no coincidence that within days of Mr. Mugabe's election victory, the country was swept by a wave of wildcat industrial strikes. It is among wage-earners—in many ways the country's black elite—that heightened aspirations are most acutely felt. Against a background of real incomes eroded by the escalating war, and inexorably rising unemployment as the economy has failed to keep pace with population growth, Mr. Mugabe's electors' top priorities are for more and better jobs, and more wages.

Mr. Mugabe has to reconcile those demands with a potentially critical shortage of skilled workers, caused both by a traditional lack of training for the majority black population and the continual net emigration of whites, which could at any time be hugely aggravated by a mass exodus. On the one hand he must actively pursue a policy which will give his own supporters, the majority black population, a much larger slice of the economic cake, while on the other he must do so in a way which does not jeopardise the whole cake by frightening off the existing (white) skills before the future (black) skills have been developed.

First priority for the Government must be the creation of more jobs. Despite the lack of accurate official statistics there is a consensus that the level of unemployment and underemployment has risen steadily in recent years. According to one conservative estimate the number of potential male workers is rising at a rate of more than 50,000 a year, whereas new jobs have been created at a rate of little more than 20,000 a year in recent years. The result has been growing pressure on the impoverished subsistence sector of the economy in the so-called tribal tracts, greatly aggravated by the displacement and refugee flows caused by the guerrilla war.

Yet the bold aim of maximum job creation faces an immediate conflict with the target of raising black wages. "The impact of any employment policy will be lessened if it is accompanied by significant increases in wages," says Dr. Tim Muzondo, economics lecturer and vice-chairman of the Manpower Development and Training Authority. But the general level of black wages is unacceptably low for a supposedly egalitarian black Government, which has promised to review the country's whole wage structure.

A majority of wage earners still earn below poverty wages, as calculated by the poverty datum line (PDL)—an academic exercise which assumes optimal

spending plans by impoverished families and therefore probably overstates their ability to survive on low wages. The PDL for a standard African family of six in an urban area in 1979 was around \$115 a month compared with average industrial wages of between \$60 and \$75.

One way in which the Government can hope to reconcile the conflict is by black advancement to more skilled jobs. The ideal answer would be not only to answer black aspirations for a better living standard but do so in return for higher productivity, while at the same time helping to resolve the skills bottleneck and allow faster economic growth, creating more unskilled jobs at the bottom of the ladder.

Zimbabwe at independence certainly enjoys a much larger pool of skills than did other African countries when they cut

EMPLOYMENT

Year	Numbers
1965	748
1970	853
1971	891
1972	953
1973	997
1974	1,040
1975	1,052
1976	1,037
1977	1,015
1978	990
1979 (est)	1,000

their colonial ties. At graduate level there have been over 1,000 black graduates from the University of Rhodesia over the past 20 years, while the Commonwealth Secretariat has estimated that a further 6,000 to 8,000 students have completed or are undergoing higher education courses outside the country. But the Zimbabwean economy is considerably more sophisticated than were those of other African countries at independence, and the demand for skills will therefore be all the greater. Moreover, the frustration of black ambitions in most key economic areas, and in the public service, has meant that black skills are generally concentrated in other areas such as education or exile.

The most obvious area for African advancement is the public service. It is the only area over which the Government has direct control and is the area where the least black advancement occurred during the UDI years. It is also the area where pressure is likely to be greatest, because jobs in the public service tend to have high real or political visibility, according to Professor Murphree. The new Zimbabwean constitution also provides for "suitable representation of the population" in the public service.

Although recruitment for the public service was theoretically non-racial under the former Rhodesian Front Government, in practice it excluded Africans from all but technical grades such as teachers, doctors and nurses. In 1974 only 5 per cent of all established posts were held by blacks. By 1978 there had been some improvement: 11 per cent of the 13,640 established posts were filled by Africans and 14 per cent of

non-established posts (artisans, junior clerical workers and typists). Today, although the Public Service Commission (PSC) refuses to give exact figures, it says that some 2,900 of established posts have African incumbents.

Nevertheless an increasing number of teachers, among whom Africans are relatively well represented, have been included in the figure, and outside the Education and Health Ministries, African advancement remains minimal. "If we are going to cope with African advancement, training has got to be stepped up sevenfold," says Mr. Stan Newman, secretary of the PSC.

The position in the upper echelons of private enterprise is not a great deal better. One top African executive estimates that there are perhaps only three blacks enjoying genuine responsibility at board level in white-controlled companies. Promotion has tended to be restricted to the fields of advertising, marketing and personnel management, where line management functions are kept to a minimum. Africanisation has only been significant in the largest companies, banks and stores, and even then individuals tend to label rival efforts as mere "window-dressing."

At artisan level there has been a notable acceleration in the intake of African apprentices from a negligible level. The proportion has risen from less than 2 per cent in 1970 to an estimated 21 per cent 249 out of 1,178 in 1979. The largest trainers of apprentices—the railways, the iron and steel corporation RISCO, and the Anglo American mining house—are already training a majority of black apprentices. But as private enterprise spokesmen finally admit, progress has been "too little, too late."

At artisan level there has been, both in the public and private sectors, has been more a response to the shortage of skilled white manpower than a recognition of the political imperative of black advancement. All companies report an "extreme shortage" of white graduates, and a critical shortage of white artisans. Thus although the Ministry of Commerce and Industry reflects the civil service-wide proportion of only 20 per cent of its established posts held by blacks, more than 90 per cent of its graduate intake is now black. At the Standard Bank, the country's largest, 86 per cent of salaried staff in 1976 were white. By the end of 1979 50 per cent of male staff and 35 per cent of the female staff were black. "We couldn't get young whites," said a bank executive.

Still a shortfall

Mr. Mugabe's election victory has brought a sudden realisation that the whole process of black advancement will have to be drastically accelerated, even though the new Prime Minister has stressed his desire to retain white skills. The level of likely white emigration, and therefore the pace of essential African advancement, remains an unknown—although the dire predictions of an instant exodus have not been borne out. But any pick-up in the economy in the wake of the lifting of sanctions will rapidly run into a skills shortage at all events.



Commuters board the City bus to travel into Salisbury

Some progress has already been made in creating routes to artisan status other than the traditional white-dominated five-year apprenticeship system. Agreements have been reached in both the mining and motor industries to allow modular training of semi-skilled workers in individual artisan skills. The system has been formally recommended by the Government's Manpower Development and Training Authority (MANDATA), although as a complement to apprenticeship, rather than a replacement. The idea is to provide black workers who may lack the necessary formal education qualifications for apprenticeship with a more extended but immediately usable path to artisan status. While the system means deliberate job fragmentation, it does provide black workers with a means of advancement, and management with a new pool of skills.

A further limitation on training skilled workers is the number of places available at the country's two technical colleges in Salisbury and Bulawayo; the establishment of a series of skill centres providing the crash two-week training courses demanded by modular training is recommended by MANDATA. A shortage of trainers is a further problem aggravated to some extent by racial attitudes of potential white trainers towards black advancement.

White workers' resistance to black advancement has traditionally been stressed by private enterprise as an excuse for their lack of progress, and some employers maintain that an instant reversal of the proportions of apprenticeship training would cause a white backlash. However, those companies which are already training a majority of blacks in artisan roles report no serious problems. "Our view is that good race relations do not depend on proportions, but on

the way management handles the transition," Professor Murphree says. "It isn't racial balance per se but management skill in effecting the change."

At Anglo American, for example, a decision to accelerate the training of young black supervisors resulted in three new training courses. One was for the young blacks, one was to train white supervisors in better race relations, and one was for the traditional older black supervisors to accept the young men as their equals.

Committed

"The whole thing hinges on top management and whether they have enlightened self-interest," according to Mr. Enos Chirwa, group manpower director for the Delta organisation, the country's largest quoted industrial group, with major brewing and retail interests. "Our top management was committed to bringing in blacks. We had to balance the shotgun approach and the participatory approach. In certain areas Europeans left. We lost quite a lot of people. But even if all the Europeans left tomorrow, we could now go on brewing."

Two problems are cited for lack of progress in black advancement into management positions. One is the shortage of technical skills among blacks and the other is lack of experience. The former is a product of limited education opportunities and poor prospects for the use of such skills in a white dominated economy.

Thus between 1969-72 75 per cent of African graduates from the University of Rhodesia went into education or teaching, compared with three per cent each into Government service and private enterprise. By 1978 the change in recruitment patterns was already considerable. Only 70 per cent went into teaching and 25 per cent into government or private enterprise. But admission for 1979 show a con-

tinuing bias towards arts and social science studies: 142 black students opted for social studies, 74 for education and 59 for arts subjects, compared with 40 for pure science, 11 for medicine, and six for engineering.

Lack of administrative and management experience is obviously a problem for Zimbabwe—and one which Mr. Mugabe is apparently conscious of in his desire not to precipitate a white exodus. But the traditional slow process of civil service advancement, as well as the conservative promotion policies of Rhodesian employers, will nevertheless have to be short-circuited if there is to be appreciable African advancement at higher levels of management.

Most studies of manpower demand and supply for an independent Zimbabwe have assumed a major loss of white skills. A manpower survey carried out last year for the Commonwealth Secretariat assumed a best case scenario of a 50 per cent loss of white skills and a worst case of 100 per cent loss. On the former assumption there was an immediate training need for 3,800 professional and technical workers, 3,200 administrative and managerial and almost 22,000 clerical workers. On the worst assumptions there would be a need for 17,000 professional and technical grades, 6,300 administrative and managerial grades and more than 45,000 clerical grades. The other major area of potential shortage would be for transport and production workers, with a training need for 15,750 on the best assumption and 30,250 on the worst.

Even without an exodus of whites on anything like that scale, the age structure of white skills indicates an urgent training need. A disproportionate number of civil servants are approaching retirement age in the next two years—those who emigrated to

Rhodesia from Britain after World War II. The same is true of white artisans. Many are in their 50s, and although less likely to emigrate to a new life they tend to be very mobile between jobs. There is a big skills gap in the 30 to 40 age group, where whites have already emigrated in recent years.

Thus despite its relatively rich inheritance, Zimbabwe faces a major training programme both to keep the economy functioning at its present level and to allow for renewed expansion. In the short term some employment of expatriates seems inevitable, but in the longer term there is a general agreement among both blacks and whites that a policy of Zimbabwianisation is preferable to one of pure Africanisation.

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Heavy investment needed to step up electricity output

ALTHOUGH ZIMBABWE is well-endowed with energy potential, it faces a critical period over the next few years when very heavy investment will be needed to rid the country of its dependence on imported electricity. At present Zimbabwe is importing some 300 MW of electric power from Zambia's Kariba North complex at an estimated annual cost of some \$24m. The Kariba South complex has a capacity of 800 MW and existing thermal capacity provides up to another 300 MW, but with total consumption estimated at more than 1,200 MW there is a shortfall that has been made good in recent years by importing from Zambia despite the very strained political relations between the two countries.

The immediate energy goal is the completion of Stage One of the Wankie thermal power station, where work started in the early 1970s but was brought to a halt as a result of the disclosure of sanctions-evasion secrets. Wankie Stage One, which is due to start coming into operation in 1982 when the first two sets of generators will be commissioned, will provide 480 MW at a cost of some \$180m, nearly two-thirds of which will absorb foreign exchange. Stage Two, which is shortly going out to tender, will add at least a further 800 MW and possibly some 1,100 MW at a cost in excess of \$300m, bringing the total expenditure on thermal power in the first half of the 1980s to a minimum \$800m after allowing for escalating costs.

Despite this very heavy expenditure on new power facilities, the two Wankie

stations will give only a "stepped" while steps are taken to replace the Bulawayo, Salisbury and Umtali power stations which will be progressively shut down—particularly where the plant in use is more than 25 years old. By the mid-1980s Zimbabwe would be totally reliant on its Kariba electricity and imports from Zambia if it did not go ahead with the Wankie development. On current demand estimates electricity consumption will double between 1980 and 1987 reaching 3,000MW by 1990.

This means that even if both stages of Wankie are fully operational by 1987 there would still be an electricity shortfall of some 600MW. If, however, the size of Wankie Two is raised, however, much of this shortfall could be eliminated.

In addition to Wankie there are other thermal power possibilities utilising the abundant coal resources available, but plans are already on the drawing board for four further hydro-electric power projects on the Zambezi. These include an extension to the existing Kariba South complex which would take eight years to bring into operation at a cost originally estimated at \$105m and now likely to be significantly more; the construction of a hydro plant at Mpata George on the Zambezi in co-operation with Zambia at a cost of \$475m and taking nine years to bring into operation; a still larger project at Devil's Gorge taking 12 years to commission and costing nearly \$700m and finally at a cost of \$650m a project at

Batoka's Gorge come into operation after 14 years.

Given the lead time to bring the hydro-electric projects into operation—a minimum of 8 years—and the projected 10 per cent annual growth rate of consumption, it is clearly vital that both stages of Wankie should be commissioned as soon as possible. Wankie One is too late to qualify for aid funding and will have to be financed by a combination of local and foreign borrowings and supplier credits, which at current interest rates will prove very expensive.

In the 5-year Public Sector Investment Programme published by the Transitional Government 15 months ago, expenditure on electric power was put at nearly \$800m (at 1977 prices) now well overtaken by inflation) or 26 per cent of total public sector spending over the proposed 5-year planning period. These figures underline the priority given to additional power resources by previous governments.

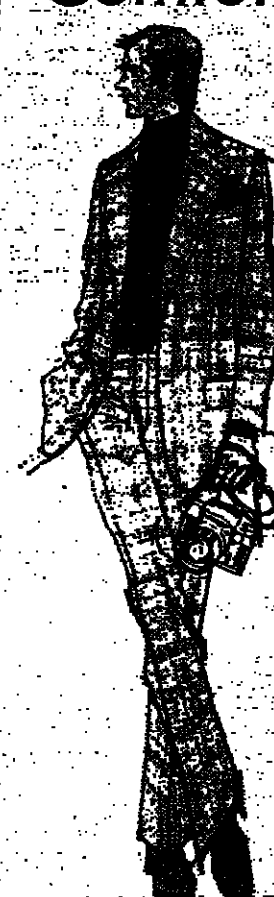
In addition to very large-scale projects to provide electric power, there have been important developments on a far smaller scale to reduce in some degree dependence on imported fuels. Earlier this month the first ethanol plant in Africa, built by the Triangle group in the Zimbabwean lowveld, came on stream. The plant, which uses sugar as feedstock, will reduce petrol imports by an estimated \$12m this year and save around \$3m in foreign exchange after allowing for the loss in foreign exchange from sugar. Mixed with petrol the ethanol will cover 15 per cent of the

country's petrol consumption. The plant, which will produce 40m litres a year, cost only \$4m and was completed both ahead of schedule and below budget.

Plans exist to build a second ethanol plant which would bring the ethanol content in petrol to 20 per cent—the effective maximum—but these are under review following the recent steep rise in the sugar price.

Longer term projects to reduce dependence on imported oil—the cost to Zimbabwe doubled last year—include the possibility of a methanol-from-coal plant. But the capital cost, reckoned in excess of \$400m, could block this development. At a more mundane level Zimbabwean engineers have been beavering away in the past two years on plans to reduce farm tractor consumption of imported diesel fuel by using various "green petrols," the most promising of which appears to be sunflower oil which can be used in power tractors.

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مكتبة النور

ZIMBABWE XV

Country will still depend on S. African routes

ALTHOUGH transport links with Mozambique are being restored and the railway line from Umtali to Beira is open once again after the four-year border closure, Zimbabwe will be very heavily dependent on South African railways and ports for the foreseeable future.

Prior to the closure of the Mozambique border in March, 1976, nearly two-thirds of Zimbabwe's rail traffic to the ports was using either the Beira or the Maputo lines, with the latter being far the more important because of its sugar terminal, its mineral wharf, its bulk handling facilities for metals and its capacity to take larger craft than Beira.

The closure of the border forced all rail export and import traffic for Zimbabwe on the two routes to South Africa—the Rutenga line via Beit Bridge and the line through Botswana to the South African ports.

Both lines, but especially the Rutenga link, were the subject of frequent guerrilla harassment in the last two years of the war, though when the railway linking Zimbabwe and Zambia was reopened in October 1978 in response to Zambian requests to move her copper out and vital fertiliser and food imports in, attacks on the line through Botswana were reduced since much of the traffic on this link was for Zambia.

With the ending of hostilities in December, the Beira line has been reopened but it is currently handling only 1,000 tonnes of traffic a day in both directions. So far, this line has been used only to ferry Wankie coal exports to Mozambique for use by the Mozambique Railways.

Salisbury is anxious to use the line as much as possible for a variety of exports, though not the bulk traffic, and in particular to import oil.

There would be very substantial savings if oil could be imported in substantial volume by rail from Beira rather than

PORT DISTANCES BY RAIL	
Salisbury to Beira via Umtali	592 km
Salisbury to Maputo via Malvernia	1,269 km
Salisbury to Durban via Beit Bridge	1,921 km
Salisbury to East London via Beit Bridge	2,121 km
Salisbury to Cape Town via Beit Bridge	2,521 km
Salisbury to Cape Town via Botswana	2,661 km

using the longer-haul routes to South Africa. The optimum solution would be the re-opening of the oil pipeline from Beira to Feruka refinery near Umtali, but it is estimated that this will not be possible until next year mainly because of maintenance and refitting problems at the refinery.

Although Beira is by far the nearest port to the main Zimbabwean industrial centres, it suffers from three major drawbacks. First, the port itself can only take cargo vessels up to 20,000 tonnes or 25,000 tonnes. Second, it lacks bulk-handling facilities. Third, the Salisbury-Umtali-Beira railway is unable to handle anything like the tonnages that will be moved along the line to Maputo in Southern Mozambique once rail communications are restored.

In addition, relative to the South African ports used by Zimbabwe—Cape Town, Port Elizabeth, East London, and Durban—both Mozambique ports suffer from two critical disadvantages.

The first relates to the fact that the major container vessels are not yet calling at Beira and Maputo which is an important drawback.

The second snag is the critical shortage of skilled railway and port personnel in Mozambique. These two problems could mean that even after full resumption of railway links with Maputo, it will still be necessary for a very high proportion to Zimbabwean exports and imports to use the longer and more costly South African

routes. The Maputo line was severely damaged during the war and Salisbury officials say they do not expect a resumption of full scale traffic through Maputo until early 1981, although the official Mozambique estimate is that he line should be ready for business by November. Zimbabwe Railways' engineers would need to do about three months work on the Zimbabwe side of the border where the line was torn up during the hostilities.

Bottlenecks

In theory, once the Maputo line is repaired and assuming full capacity working at the port of Maputo, it should be possible to move almost all Zimbabwe's external traffic (at current levels anyway) through the Mozambique ports. In practice, however, this looks to be a long way away, chiefly because of the anticipated bottlenecks on the Mozambique side.

This is not to suggest that Zimbabwe is without problems. One immediate issue is the 2,800 rail wagons and coaches that were trapped inside Mozambique when the border was closed four years ago. Negotiations for the release of this rolling stock and some locomotives have been under way for some weeks now but Salisbury is still awaiting a firm delivery commitments from Maputo although the Mozambique Government has appar-

ently agreed in principle to return the rolling stock. It is thought that repairs and maintenance of the wagons will take a considerable time and involve a high cost once they are returned.

However, because there will not be a large maize crop to move this year and no large-scale maize exports from Zimbabwe following a mediocre agricultural season, the rolling stock position should not reach the critical levels it did in the middle-1970s when 500,000 tonnes of maize a year was being exported via the South African ports.

Zimbabwe Railways are committed to a major re-equipment and development programme costing near £200m (at out-dated 1977 prices) and involving a foreign exchange cost of \$80m. The largest single item in the development programme, to be phased over five years, is the electrification of the two main export/import routes—the line from Salisbury via the islands to Malvernia and then to Maputo and the line from Salisbury via Rutenga to Beit Bridge and direct access to the South African ports.

Other major items of expenditure in the programme include track improvements and the purchase of extra locomotives and rolling stock. On the railways' own estimates the total net tonnage moved, which had fallen from 12.5m in the 1976-77 period to 11.6m in 1978-79, will increase nearly 5 per cent over the next five years.

Transit tonnage moved is estimated at 1m in five years time out of a total tonnage of 18.7m, implying that the transit share would be only 5 per cent, which looks to be on the low side given the strong likelihood of increased usage of Zimbabwe railways by both Zaire and Zambia for copper exports and for essential food and other imports either

In the short term, however, Salisbury is anxious to encour-



The Victoria Falls with on the left the bridge carrying the vital rail link between Zaire, Zambia and South Africa

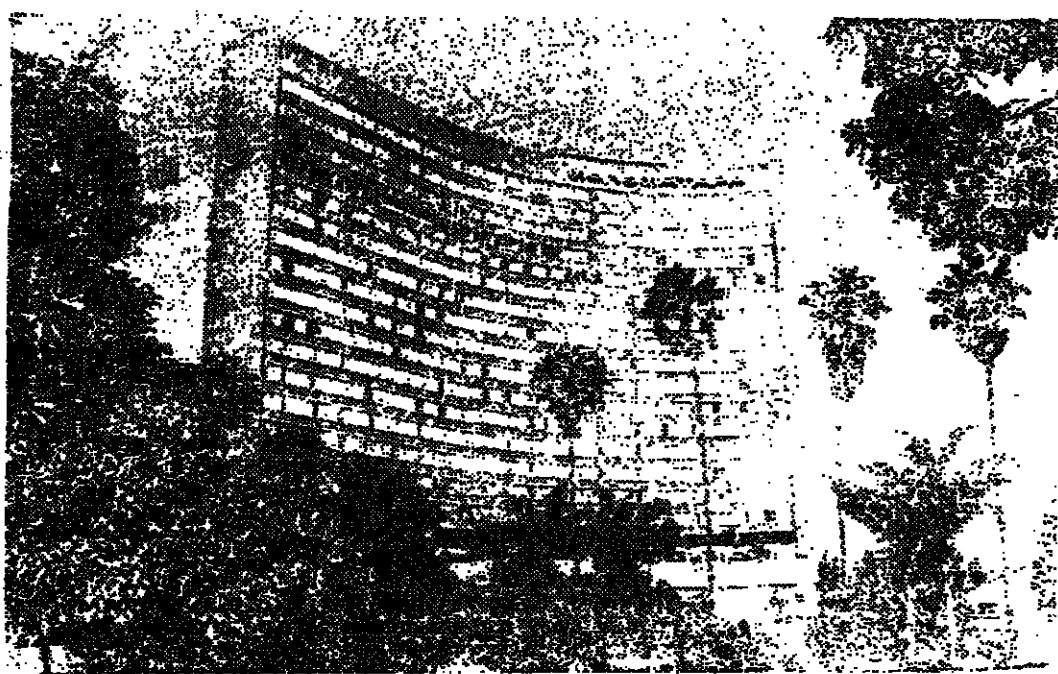
age maximum use of the Beira line because of the significant foreign exchange savings (in freight costs) that would be made. However, there are no signs yet of any move to ship Zambia and Zaire's copper exports via Beira, which until 1973 was the normal route for much of this traffic.

Zimbabwe is playing a subsidiary role in the operation to ferry maize supplies from South Africa to Zambia. Maize is being moved direct by rail from South

Africa over the Victoria Falls bridge to Zambia and also rail to the Zimbabwe railhead at Lions Den in the north-east of the country and then by road across the border at Chirundu to Zambia. Earlier this month, the maize lift, which has been devilled with difficulties, ran into further problems when South African Railways placed an embargo on traffic shipments (though maize and wheat were excluded) because an estimated 3,000 SAR wagons were

stranded on its Zambian rail line faces very substantial development and re-equipment spending including the purchase of shorthaul airliners to replace the ageing Viscounts, the purchase of long-haul jet (Air Zimbabwe has one long-haul Boeing 707 being used for its direct flights to Gatwick) and the building of a new air terminal at Salisbury Airport originally costed out at more than \$55m.

T.H.



Salisbury's Monomatapa Hotel

Quick return sought on tourism capital

WITH THE Victoria Falls as its prestige international "shop window," Zimbabwe is gearing up for a bid to establish itself as the hub of a new geographic tourist region which will compete with East Africa and the Republic of South Africa as a destination for holidaymakers from outside Africa.

The country's strongly marketing-orientated Director of Tourism, Mr. Michael Gardner, has put together an imaginative package which includes Zimbabwe and the front-line states of Botswana, Zambia, Mozambique, as well as Namibia and possibly Malawi, in an itinerary which, he is convinced, will have the tourists flocking in from wilderness-starved Europe and North America.

But the grandiose scheme, with its heavy reliance on good air links and a sophisticated ground infrastructure of good hotels, safari operators, and roads into the most remote areas of the region, must lie some time ahead.

In the short term, the new State is looking for much quicker and less speculative returns on the capital which has already been poured into a relatively well-developed—and in the last five years grossly under-utilised—tourist infrastructure.

It is now eight years since hotel construction in Zimbabwe hit its peak. That surge of enthusiasm coincided with what turned out to be the country's record number of visitors—just under 350,000 in 1972.

In 1975 foreign earnings from tourism peaked at \$27m from slightly fewer visitors.

In the years of war since, foreign tourism has declined steadily, and in 1979 the total was barely 50,000. Hotels have gone into mothballs, tour operators have gone out of business, air services have been reduced and, of greatest concern to Mr. Gardner, the standard of service in resort areas has fallen.

"If we were to have a sudden influx of foreign tourists next week it would do the industry and the country a great deal of harm," he said. "The visitors would leave here disappointed and they would never come back. But give us six months and we could go forward with full confidence."

The Zimbabwe National Tourist Board's immediate plan to spend the next six months re-equipping and re-training to meet the standards expected by foreign tourists. The first objective is \$10m in foreign earnings in the first full year, ending December 1981. In the second year of full operations, officials estimate earnings could hit \$25m.

The aim in four years time is 70,000 genuine tourists a year and foreign earnings of between \$40m and \$50m. "These are no pie-in-the-sky forecasts," said Mr. Gardner. "We have based our projections on our achievements under the handicaps of a civil war, restrictions on tourist promotion in our best markets while sanctions were in force and in the face of international recession."

Confident

The cost of re-building the industry is put at a mere \$3m, and only \$1m of that would be in foreign exchange.

The industry is confident that it will be backed by the new Government for three reasons important to the new country: it is labour intensive and the hotel sector alone could immediately expand its current labour force by 30 to 40 per cent by re-opening mothballed hotels and bedrooms; it could be a quick earner of foreign currency with a minimum of outlay; and the public relations value of tourism in winning friends for the new country and government overseas.

Initially, Zimbabwe will look

to a quick increase in the number of tourists by attracting some of the foreign visitors to South Africa north of the Limpopo, mainly to see the Victoria Falls.

This was the traditional pattern until the early 1970s. The American or European visitor to South Africa would fly to the Victoria Falls at the end of his tour and spend an average of three days in Zimbabwe, at the Falls, Wankie Game Reserve, Lake Kariba and in Salisbury.

There is a huge market in South Africa, which has 60,000 visitors a year from the United States alone, and a very high proportion of foreign visitors could be tempted north by a short package tour including Victoria Falls. Officials believe this flow could quickly build up to 50,000 a year, with the balance of the 70,000 target being attracted directly from Europe, North America, the Far East, Australia and the rest of Africa.

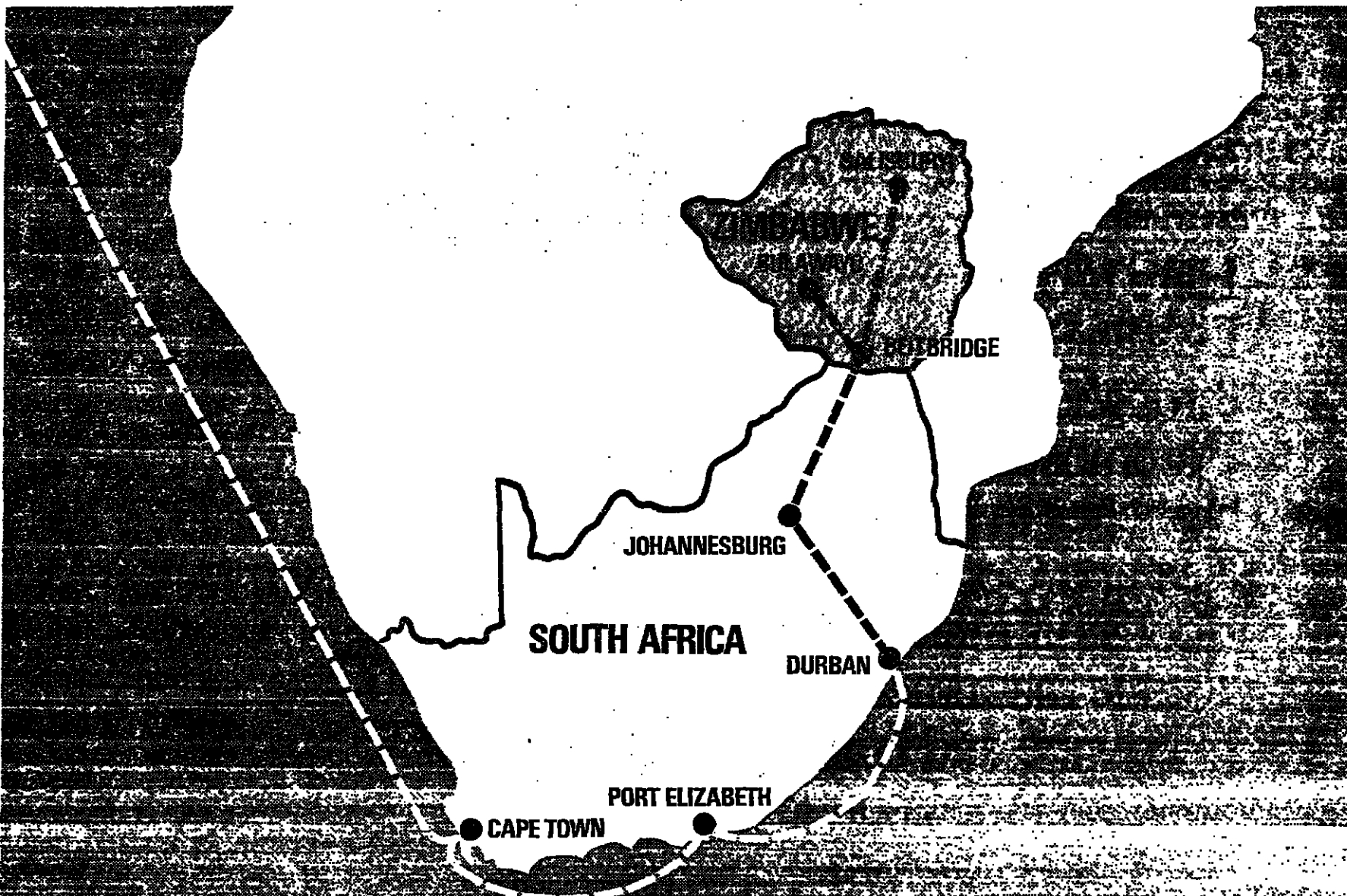
A tourist industry operating at this level would ensure profitability for the hotel and tour operators and would be self-sustaining in the encouragement of new facilities and services.

The Tourist Board will then be in a position to progress towards the long-term objective—the creation of a regional destination embracing the desert of Namibia, the Okavango of Botswana, the Victoria Falls, Kariba and Zimbabwe. Ruins of Zimbabwe, Zambia's Luangwa Valley and the Indian Ocean beaches of Mozambique.

Michael Gardner is an ardent conservationist, and he believes the "wilderness" will be a highly saleable commodity in the developed world in the next 15 years.

Ian L. Smith

Mr. Smith is Financial Editor of the Herald, Salisbury.



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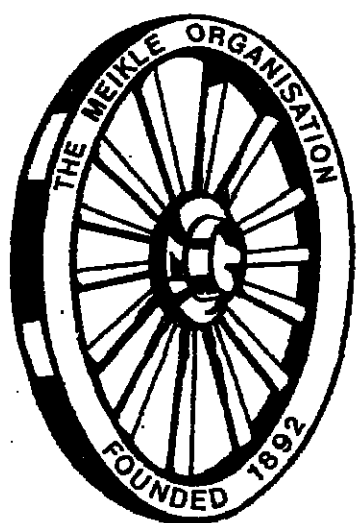
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ZIMBABWE XVI

The Thomas Meikle Group in Zimbabwe

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An Irish Guards sergeant-major drills the guard of honour during a practice for the Independence celebrations

Walls faces task of bringing three armies together

Lt. GENERAL PETER WALLS, the man appointed to head the new Zimbabwe Joint Command, tells the story of how he visited the crack white troops of the Rhodesian Special Air Services—the SAS—immediately after Mr. Mugabe's election victory last March.

Walls was still military supremo of Rhodesia's white-led forces and at Kabrit Barracks that day he found a glum bunch of men. The SAS had been in the van of the "anti-terrorist" war, efficient and hated by their opponents. "They were like stunned mullets," he said. "They just didn't know what had hit them. So to try to cheer them up I told them the one about the really good boxer—everytime you socked him he smiled. Even your toughest punch wham! He came up smiling."

The men stayed glum and General Walls thought they hadn't got, or didn't want to get the message—that they would be happier if they tried to accept the election victory and work with it. "But suddenly I saw some arms flapping down there and a voice yelling 'Cockle doodle doo.' The men he says, all roared with laughter.

The tension had been broken by the action of that one white soldier repeating the election cry of the "Ters." And a few more of the 100,000 men under arms in Zimbabwe had begun psychologically to accept that they might now actually serve in the same army as those they fought in a bitter seven-year bush war.

Back slapping

There are many more extraordinary stories than this to highlight the progress so far of the attempt to bring the former warring armies together. Regular Rhodesian army officers early on in the ceasefire back-slapped guerrillas and exchanged reminiscences of critical engagements: men mess and train together, old enmities apparently forgotten.

But no one near the centre of power here is in any doubt that the amalgamation of the two guerrillas armies and the white led regular Rhodesian force has been the most critical and immediate problem facing the new Zimbabwe Government. For unless that comes right, the prospect of political stability held out by Mr. Mugabe's massive election victory could go for nothing.

Set out baldly, the problem is daunting in the extreme, and probably without parallel. (The reconciliation scenes and the progress of the amalgamation exercise so far reminds me of the end of the Nigeria-Biafra war—but there one side was completely defeated and success came primarily from the magnanimity of the victorious Nigerians.)

In Zimbabwe the regular Rhodesian army consisted of some 15,000 men, augmented by perhaps 20,000 white led territorials and another 20-30,000 mainly black auxiliary troops. They faced what now appears to have been some 35,000-40,000 guerrillas scattered throughout the country but split into the Zania army which owed allegiance to Mr. Mugabe, and the Zipra forces of Mr. Joshua Nkomo.

At the end of the Lancaster House conference last year neither side had won—though a sort of stalemate had been achieved in that the Rhodesians were by then sure they could not win, and the guerrillas were persuaded that a military victory would take too long and be too costly. But the mutual suspicion was deep and the



Lieutenant-General Peter Walls

racial overtones to the war were as clear as were the outlines of a power struggle between the rival and armed black groups.

Given these immense problems, it is remarkable how well the ceasefire arranged at Lancaster House, as well as the subsequent post-election transition, actually worked. Only two weeks, bridging the new year, were allowed for the full assembly of the guerrillas in remote camps, while the Rhodesian forces disengaged for no more than a week of that time. Yet by the second week in January, when the ceasefire was formally in force, the death toll had fallen from 40 a day to four or five.

There were some 18,000 guerrillas in the camps and the tiny 1,300 British-led Commonwealth monitoring force had established a degree of trust with both sides which greatly enhanced the success of the whole ceasefire exercise.

The effectiveness of the ceasefire was as the election fever mounted and it became clear that large numbers of Zania guerrillas in particular had been ordered to stay out of the camps to campaign in the rural areas.

But the quiet withdrawal of the monitoring force in the 10 days leading up to the election and their replacement in the assembly places by Rhodesian Army and police was even more remarkable. When the history books come to be written, this period may prove to have been the most critical of all—since it was only towards the end of February, when it almost seemed too late, that the first tentative attempt at integration of the rival armies—something which both Mr. Mugabe and Mr. Nkomo had long demanded—were taken.

Resistantly, the commanders of the three armies working within the framework of the British-chaired Ceasefire Commission, agreed to the retraining by Rhodesian and British officers and NCOs of a battalion each of Zania, Zipra and Rhodesian men—perhaps, but not yet certainly, the prototype for the new Zimbabwean Army.

According to General Walls, speaking in an interview just before Independence, the experiment has worked relatively well. But he says the weeks since the election, defined by him as Phase One or reorganisation, have shown that further integration must not be rushed: much more study of the function and nature of a new Zimbabwe defence force is needed first.

This Phase Two exercise will be conducted by the newly appointed Joint Command headed by General Walls, and including the commanders of the Zania, Zipra, and Rhodesian Army and Air Force Commanders. It will last for an "indefinite period"—six months, or perhaps a year, General Walls says.

However, while the size of the new army and its precise organisation have certainly not been decided, the parameters within which the commanders will work over the next few months are now much clearer. First, there has already been substantial demobilisation and there will be more. The first troops to go have been the controversial black security force auxiliaries which were originally recruited as a private army by the former Prime Minister, Bishop Muzorewa. They were brought under Rhodesian Army control last July and "were widely used—and hated—in the rural areas."

'Demob pay'

General Walls says that by the end of this month all but 10 per cent of the 18,000 strong force will have gone—each man having been paid some \$300 in "demob" pay—with the remaining men going shortly thereafter or possibly allowed to join the regular forces.

Other black auxiliary troops—such as the Guard Force, amounting to some 4-5,000 men—are to be demobilised within the next two or three months while paramilitary forces like the District Assistants and the Farm Militia are to be disbanded.

No firm decision has apparently yet been taken on the future of the Territorials, composed partly of white reservists and black regular troops and a few regular white

officers. However, within five or six months of the end of the war it is likely that the number of men under arms will at least have been halved.

Of these, some 30-35,000 could well be guerrillas. So far at least most of those presently in the Zipra and Zania assembly camps appear to want to stay on as soldiers. Just before Independence last week there were about 28,000 guerrillas in the 11 remaining camps—some 6,000 of them having arrived there after the election from their "hide-outs" in the rural areas. General Walls says the numbers still out of the camps, some of whom have turned to brigandage, are now in the "low hundreds."

There were also nearly 5,000 Zipra guerrillas who had returned to a twelfth camp from their bases in Zambia, while another 400-500 with a large amount of heavy weaponry, apparently including T54 tanks, were due back before the end of the month. At the same time it was estimated that some 2,000 Zania guerrillas were due back from Mozambique: a total then, including the mixed integrated battalions of some 22,000-33,000 inside Zimbabwe and 5,000-7,000 outside.

Though Zania and Zipra commanders obviously expect some of their troops to opt for civilian life, General Walls says that "any regular in any unit who wants to stay on will be kept on"—and that goes for the guerrillas, too. He will not comment on what he believes would be the optimum size for a new Zimbabwe Army. "We will recommend and it's for Government to decide size and function," he says, but indications are that an effort will be made to get the army down to some 20,000 within the next two years or so.

It is thought that there will be incentive schemes to induce men to return to civilian life, while some guerrillas will be offered land. There were hints before Independence that Government Ministers favoured turning guerrilla units into some sort of people's army which could be used immediately in rural reconstruction and rehabilitation.

General Walls says that while appreciable numbers of white officers could leave the forces in the next few weeks or months—the previous Government set up an attractive incentive scheme providing them on retirement with a freely remittable cash bonus—this does not particularly worry him. "We have tremendous reserves of manpower," he says, "while clearly men who resign would leave room for much-needed promotion or appointment of black officers."

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Travellers to Zimbabwe, besides equipping themselves with this special survey, might like also to consult:

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Mexico City, Monterrey, Panama, Porto Alegre, Rio de Janeiro, Rome, São Paulo, Seoul, Singapore, Sydney, Tokyo, Toronto.

Similar second half but Revertex omits final

WITH A marginal advance in the second half slightly offsetting the £533,000 fall at midyear, Revertex Chemicals finished 1979 with taxable profit down from £2.55m to £2.06m.

However a jump in extraordinary costs left a £750,000 loss, compared with a £257,000 profit, at the attributable level, and the directors have, therefore, decided to omit the final dividend.

Stringent steps have been taken throughout the group to eliminate loss-making activities, lower indirect spending and raise productivity. Nearly 200 employees have been shed in the UK, the company states.

As a result of these measures and strengthened control over operations, the Board is confident that Revertex is in a good position to weather the difficult economic climate ahead. Even allowing for the difficult outlook for the UK private sector in 1980, they expect a return to higher profits this year and indicate a likely restoration of dividends next time.

Sales by the group, the interest of which include the manufacture of rubber latex, synthetic resin emulsions and noise control products, were ahead 13 per cent to £68.41m (£60.35m) and trading surplus was little changed at £2.29m against £2.26m.

The decline in the pre-tax total was mainly caused by a rise in interest costs from £527,000 to £968,000.

Explaining the passing of the final, which leaves the year's distribution at 1.17p, against

HIGHLIGHTS

British companies are facing severe financial pressures and the Lex column looks at the latest Government figures, which analyses the finances of companies. Ford UK however is definitely not under financial pressures and with profits and cash flow rising has been able to pay a big dividend, to its U.S. parent. Elsewhere Lex considers the position of Mercantile Trust which has come under pressure to improve its share price and Morgan Guaranty Trust's investment report contains figures on the latest investment figures in the U.S. On the inside page Guthrie's offer for City and International has gone unconditional and Lamont has made a bid for McLeery L. Aime.

3.44p, the directors say they had to take into account not only the high extraordinary losses, following the closure of Revertex Acoustic Products, but also some continuing costs of action already taken to increase efficiency and productivity. Tax took £1.12m (£1.38m) leaving stated earnings per 25p share at 3.47p (4.95p). Dividends absorb £167,000 (£490,000). At year end total borrowings were up at £6.72m (£6.41m) and cash stood at £1.12m (£1.38m).

Rising petrochemical raw material prices and increasingly keen competition forced margins down in the UK during the year. Overseas profits were higher but the strength of sterling reduced the impact of this growth.

comment

The passing of the final dividend cannot have pleased the market yesterday, but shares in Revertex only dropped 5p to 33p. The company explains the cut in terms of a desire for belt-tightening, ACT cost considerations and

a £1.3m exceptional debit. Indeed, the company's figures represented the third consecutive year of profits decline, most of the problems being on the UK side of the business. Above the line there was a trading loss of £550,000 on the since disposed of acoustics business and a £200,000 loss from the group's structural plastics interests (of which £50,000 stemmed from the engineering strike). Interest charges were increased sharply to nearly £1m and the group's textile earnings were more than halved; this latter problem accrued mostly from flat demand in the carpet business. But overseas, especially in Malaysia and South Africa, things were booming. Overseas contributions accounted for almost three quarters of group earnings. This year the company hopes to recover to at least 1978 profit levels (£2.5m) and it seems reasonable to hope for dividend restoration by the interim stage. The p/e on stated earnings comes to 9.2, well above the sector average.

London United falls but pays 69% more

A FALL in the second half from £2.24m to £1.57m left 1979 taxable profits of London United Investments, insurance concern, lower at £3.3m, against £3.85m.

However, the total dividend is stepped up by over 69 per cent to 5p (5.3125p) net, with a final of 5p.

Profits from insurance activities were down from £4.14m to £3.54m, the majority being derived from overseas. In the first six months when Group turnover fell by £4.46m to £14.29m, after tax of £1.56m (£1.92m), earnings per 20p share are given as 20.44p, compared with 22.62p.

	1978	1979
Turnover	14,290	10,830
Operating profit	3,733	19,749
Insurance	3,544	4,137
Other	189	94
Overheads	490	383
Associates	61	11
Profit before tax	3,304	3,453
Tax	1,557	1,320
Net profit	1,747	1,933
Extraordinary dividends	38	21
From non-revenue	—	—
Leaving	1,713	1,729
Dividends	728	454
Retained	985	1,275

† To non-revenue reserves.

comment

With 85 per cent of profits coming from insurance activities,

DIVIDENDS ANNOUNCED

	Current payment	Date	Corre. Total	Total
G. M. Callender	1.05	July 1	0.72	1.55
Clement Clarke	1.38	—	1.03*	2.43
Elect. & Industrial	2.68	—	2.2	3.75
Executive Clothing	1.19	—	0.95*	1.86
Jersey Electricity	8†	May 23	8	12
Kunick Holdings	0.37	June 30	0.22	0.77
London United	5.0	June 16	2.31	9.0
MDW	2.5	—	2.01	3.75
Messina (Transv.)	15	June 14	Nil	10
Revertex	Nil	—	1.17	3.4
Wade Potteries	0.6	May 22	0.49	1.09
R. Wardle	0.87	May 19	0.87	1.53

Dividends shown hence per share net except where otherwise stated.

* Equivalent after allowing for scrip issues. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout.

† Previously announced as final which was payable on April 25.

† South African cents throughout.

and most of this from the U.S., the softening of premium rates and the weakness of the dollar has been a severe handicap for London United Investments. In all premium income was about a fifth lower during 1979 but the figure looks somewhat worse after conversion into sterling. Add to this higher overheads and pre-tax profit comes out 14 per cent lower—a result much

EIS profits up to £1.9m

PRE-TAX PROFITS of Electrical and Industrial Securities improved from £1.82m to £1.92m for 1979, on turnover ahead by £1.8m to £23.2m.

The directors of this engineering concern say there is more than 27m of work in hand, and group performance in the first quarter of the current year is better than 1978.

All companies continue to have good long-term prospects, although there is intense competition in certain sectors.

At the interim stage the taxable surplus had risen to £901,500 against £874,900.

The year's tax charge, which is lower at £75,449, compared with £88,275, and there was a tax credit of £389,554 leaving the net balance up by some £1m to £2.2m (£1.7m).

Stated earnings per 25p share are 18.78p (10.57p) and the dividend is stepped up to 3.75p (3.283p) net with a final payment of 2.678p.

comment

The EIS share price has moved within a narrow range so far this year and there is little immediate reason to suppose that it is about to test the lower level. After a year in which reorganisation at Hicks Harveys combined with the engineering dispute to trim profits by some £200,000 pre-tax, the track record has nevertheless been maintained and compound growth over the last eight years is still an enviable 30 per cent or so. Moreover, the charge, like gearing, is negligible. For the current balance emerged year, the work load is up by

perhaps 35m in real terms and EIS is expected to recover from last year's substantial downturn. Interestingly, some 55 per cent of the order book is directed at the aerospace industry (breaking down to four-fifths civil and the remainder military equipment) and the group is pursuing further close acquisitions in this field. It rather depends now as to how the market is prepared to look at aerospace stocks. Although a recurrence of the Hicks experience seems most unlikely and there is no obvious vulnerability implicit in a fully taxed p/e of 8.6 and comfortable cover for a yield of 9.7 per cent.

MDW goes ahead to £1.26m

PRE-TAX PROFITS of MDW Holdings, building and civil engineering contractor, rose from £1.07m to £1.26m in 1979, an increase on turnover of £33.2m.

The mid-term taxable surplus was up from £247,000 to £412,000. The net total dividend is lifted from 3.013p to 3.75p, with a final of 2.5p, leaving a tax charge of £80,000, against a £268,000 credit—SSAP 15 has been adopted—and comparisons restated—earnings per 25p share are given as 18.63p (22.33p).

The retained balance emerged at £324,000 (£1.16m).

Wade looks to new factory to recoup transfer losses

DISRUPTION CAUSED by starting up and transfer of part of production to a new factory in Scotland was more costly than anticipated by Wade Potteries, and pre-tax profits for the six months to January 31, 1980, were down from £529,558 to £470,312.

Trading losses during the changeover period exceeded the original forecast by some £130,000, but the directors state that, given reasonable trading conditions, Govanocraft should be restored to profitability early in the next financial year.

The drop in pre-tax profits overall was confined to 11.2 per cent and Mr. Anthony J. Wade, the chairman, says this reflects successful trading by the remainder of the group. Each company showed substantially improved profits and the various capital expenditure schemes have proceeded according to plan. Demand for the group's products remained steady, enabling its factories to work to full capacity.

After tax slightly lower at

£138,836 (£153,414) stated earnings per 10p share are down from 3.495p to 3.033p, and the dividend is raised from 0.49244p to 0.5p—last year's total was 1.82044p from pre-tax profits of £1.4m.

Profit retained was £259,447 (£306,860). Mr. Wade says it would be unwise to make a specific forecast for the rest of the current financial year. But, looking further ahead, the group is well-placed to take full advantage of trading opportunities as they arise.

Sales in the first half improved from £4.74m to £5.62m.

comment

The 11.2 per cent drop in interim pre-tax profit at Wade Potteries is an unpleasant surprise and the shares fell 2p yesterday to 49p. Moreover, the diversified ceramics group indicates that some teething problems at the new Govanocraft plant, the cause of the trouble, are still to come. The 19 per

cent gain in turnover caused that sales are still doing reasonably well. However, the company fears that some customers' difficulties in export markets could have an impact on second-half performance. About half its turnover comes from indirect exports. With Govanocraft still uncertain, all bets are off for the year end result. The yield on the latest 12 months results is 8.4 per cent and the p/e for the same period 8.5.

Good year for Clement Clarke

WITH second half pre-tax profits improving from £723,000 to £806,000, Clement Clarke (Holdings), dispensing optician, reports an increase of £138,000 to £1.38m for 1979. Turnover rose from £9.59m to £11.27m.

The total dividend is effectively raised from 1.8108p to 2.4218p with a final of 1.575p. Dividends absorb £155,000 (£106,000).

After tax slightly lower at £523,000 against £538,000, stated earnings per 25p share are up from 10.49p to 13.61p.

NOBLE LOWNDES

Noble Lowndes, the pension consulting company of Hill Samuels Group, merchant bank with large insurance interests, has opened an office in New York. The move marks a drive by Lowndes for more employee benefit business at a time when acquisitions are being made in the U.S. by a large number of British and overseas companies.

Weir Group in excellent position for recovery

IN THE current year at Weir Group, Viscount Weir, the chairman, believes that firm evidence of recovery and resumed growth will emerge.

He tells members in his annual review that the group has great strengths in each of the main parts of its business and excellent opportunities, particularly overseas.

"We have already made drastic economies by closing two foundries and our valve company. Further radical action in our peripheral operations cannot be ruled out if it is necessary to protect and strengthen our main-stream businesses," he states.

As reported on March 20, a second half loss of £1.27m, against £3.1m profits, left the taxable surplus for 1979 well down at £2.08m (£7.5m). Turnover fell from £183.5m to £160.3m and the final dividend was omitted, leaving the total at 1.8634p (£7.233p) per share. On a CCA basis pre-tax figure is turned into a £1.9m loss. New orders received in 1979

totalled £133m and the group started the current year with an order book of £1.2m, against orders amounted to some £230m.

In the engineering division, Weir Pumps was seriously affected by the national dispute. However, benefits are being felt from the group's £12m investment programme, and an improvement in the quality of the company's assets, should stand it in good stead in future years," Lord Weir says.

Repeat orders for technically advanced products are particularly encouraging, he adds. Despite the difficulties the directors expect the performance of Weir Pumps to improve considerably during 1980.

There were closures at the Aiston Foundry Company and O. I. Steel Founders and Engineers, in the steel sector, but the chairman says this will enable the group to concentrate workload. Substantially improved results are expected from the division.

He adds that the three remaining foundries, in Leeds, Sheffield and Sunderland, are all well equipped, well managed, and have good productivity compared with competitors at home and abroad.

On the desalination side, "the highlight of 1979 was the official opening of the first of the 53 water distillation plants we are building in Dubai," Lord Weir states.

And the group expects to commission four more of these units during the current year. The principal company in this section, Weir Waterways, earned substantial profits in 1979, and a satisfactory outcome is expected for 1980.

As at December 31, 1979, group fixed assets stood at £31.2m (£34.9m), and current assets were £3.7m (£9.47m)—cash and short term deposits totalled £8.32m (£11.94m), and bank loans and advances amounted to £28.1m (£9.8m).

Meeting, Glasgow, May 21, at noon.

Ibstock Johnsen outlook difficult in short-term

ALTHOUGH WITH a milder winter, the opening months of 1980 have seen a more normal level of brick sales, Ibstock Johnsen's prospects for the remainder of the year, however, are bleak. The company's position, while in the U.S. the integrating of Marston into Glen-Gery and production of a united team with a positive marketing policy is progressing at a good rate, considering the size and complexities involved, the chairman states.

Performance in the UK is again expected to improve. Last year, the group's short-term borrowing jumped by £5.5m to £6m. The chairman says this is not unreasonable bearing in mind the size of the group, which this year is looking for turnover of around £75m.

With the difficult trading conditions expected this year, net short-term borrowings will grow during 1980, but in the longer term the board expects to see them reduced through a gradual reduction in volume of stocks and in their financing requirements.

Meeting, Hyde Park Hotel, SW, May 15, noon.

profitable, brick plant near Dimant. The future of these two plants is also currently under discussion.

In Holland, the management team has been reformed and is steadily strengthening the Dutch company's position, while in the U.S. the integrating of Marston into Glen-Gery and production of a united team with a positive marketing policy is progressing at a good rate, considering the size and complexities involved, the chairman states.

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Meeting, Hyde Park Hotel, SW, May 15, noon.

GROVEWOOD SECURITIES

£13.2 MILLION PRE-TAX PROFIT FOR 1979

INCREASE OF £2 MILLION

- Turnover £137m (£107m 1978)
- Exports £26m (£21m 1978)

John Danny, Chairman and Chief Executive, announces a record profit for the 12th consecutive year.

This success is due to the quality of the people who run our businesses. Entrepreneurs sell to us part of their shareholdings, retaining management control, and then dispose of the balance over periods suitable to them. These happy and prosperous "partnerships" are what Grovewood is all about.

Substantial funds are available for investment. Enquiries are welcomed.

10 YEAR PROFIT RECORD

	£ million	£ million
1979	13-230	1974 3-279
1978	11-235	1973 2-805
1977	7-180	1972 1-945
1976	5-646	1971 -912
1975	3-667	1970 -626

SCIENTIFIC INSTRUMENTS, BUILDING MATERIALS, TELEVISION, ELECTRICAL AND HOUSEHOLD GOODS, ENGINEERING, AGRICULTURAL MACHINERY AND SPARES, MOTOR VEHICLES, MOTOR RACING CIRCUITS, MEDICAL AND NURSING SERVICES.

GROVEWOOD SECURITIES LIMITED

45 Circus Road, London, NW8 9JJ.
A MEMBER OF EAGLE STAR GROUP

Ash & Lacy

	1979	1978
Sales	£'000 26,679	£'000 30,204
Profit before taxation	2,585	1,901
Retained profit	1,810	960
Earnings per share	43.7p	33.5p
Dividend per share	11.5p	7.3857p

1979 Results: A very satisfactory increase in profit of 36%. Furthermore, there was an extraordinary profit of £552,000 before tax of which £398,000 arose from the disposal of premises at Tonbridge, Wolverhampton and Smethwick. The reduction in group turnover was a consequence of the elimination of unprofitable sales. Balance sheet has been strengthened—not borrowing improved by £1.5m.

A final dividend of 6.0p per share is recommended, making a total for the year of 11.5p per share (1978—7.3857p). This increase reflects the strong performance of the Group in recent years.

1980 and the future: A good start to the year in the first quarter and high interest rates should produce increased income from our substantial cash balances.

Whilst the prolonged steel strike had no appreciable impact on the first quarter, there is likely to be a material effect on the second quarter's results; as a whole, it is possible that some of the sectors in which we operate will face difficulties over the next six months.

We are confident that Ash & Lacy will produce a strong performance bearing in mind the economic climate in which it has to operate.

SMETHWICK WARLEY WEST MIDLANDS

Royal Insurance
Chairman's Statement is on page 21

King & Shaxson

Limited
52 Cornhill, EC3 3PD
Gilt-Edged Portfolio Management
Service Index 21.450
Portfolio Income 66 77.82
Bid 77.30
Portfolio II Capital 140.73
Bid 139.59

The City Offices Company Limited

Extracts from the Report and Accounts for the Year 1979

- Pre-tax profits have increased for the fourteenth successive year and exceeded £1.39 million.
- Dividends paid have been increased from 2.84p per share to 3.00p per share.
- The freehold of Sperry House, Bristol, was acquired and Voyager House, Poole, a freehold office building was also purchased during the year.
- Properties were professionally revalued as at 30th September, 1979 at £29,968,000 producing an unrealised surplus of £10,395,977.

Summary of Results	Year ended 31st December	1977	1978	1979
Gross Income	£'000	1,353	1,529	1,820
Profit after Taxation	602	1,118	1,069	
Dividends	397	732	808	
Profit retained	205	424	260	
Earnings per share, net	2.62p	4.56p	3.97p	

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 9EB Telephone 01-621 1212

1979-80	Company	Price	Change	Div. (p)	%	P/E
90	50 Airfrang	85	—	6.7	10.2	3.81
95	28 Armitage and Rhodes	25	—	3.8	13.1	1.97
275	185 Bardon Hill	275	+3	13.8	5.0	8.11
100	80 County Care 10.75 P	9	—	18.5	18.5	1.0
101	63 Deborah Ord.	98	—	5.0	5.1	10.8
110	88 Frank Marshall	110	—	7.9	7.2	6.8
128	36 Frederick Parke	128	—	10.5	10.5	1.0
156	102 George Blair	107	—	16.5	15.4	4.0
70	45 Jackson Group	65	—	5.2	7.8	4.01
153	113 James Burrough	113	—	7.2	6.4	8.9
303	242 Robert Jenkins	280	—	10.5	11.1	8.69
232	176 Torday	220	—	14.3	5.5	5.71
34	174 Twinkl Ord.	18	—	1.8	5.2	3.01
80	70 Twinkl 12% US	78	—	12.0	15.4	4.0
58	32 United Holdings	149	—	2.6	5.3	10.4
50	47 Unilock Holdings New	47	—	—	—	10.0
59	42 Walter Alexander	95	—	4.4	4.5	6.04
150	136 W. S. Yates	185	—	12.1	6.5	3.07

† Accounts prepared under provisions of SSAP 15.

Investing in North Sea and American oil and gas production through

VIKING RESOURCES INTERNATIONAL N.V.

Listed on the Amsterdam Stock Exchange.

The Annual Report as of 31st December, 1979 has been published and may be obtained from

The Hongkong and Shanghai Banking Corporation

Incorporated in Hong Kong with Limited Liability

Statement to shareholders

by the Chairman, Mr M G R Sandberg



Mr M G R Sandberg, OBE, Chairman

This is the first year in which my statement to shareholders has been made available before our Ordinary General Meeting and we have accelerated the production of our Report and Accounts to make this possible.

The Group profit for the year was HK\$1,014 million and that of the Bank itself HK\$869.5 million. This represents increases of 39% and 47% respectively over the profits for 1978. Dividends received from Group members are included and as usual outside interests have been deducted in the case of Group profits. The profits of the Bank are stated after provisions considered prudent and sensible by your Board.

We have again increased the transfer to published reserves to a figure of HK\$150 million and are recommending to the Ordinary General Meeting a final dividend of HK\$0.50. After taking into account the interim dividend of 24 cents and the increase in capital following on last year's bonus issue of one new share for every two held, the total distribution to shareholders will show an increase of about 39% compared to last year.

Although it has remained our policy over many years not to rely on bought in money the balance sheet figures have nevertheless again increased considerably and in order to keep our capital in line with these increases we are recommending to you a bonus issue of three shares for every five held. As announced there will be an Extraordinary General Meeting after the Ordinary General Meeting to approve this. If approved \$1,039,372,825 will be capitalised from the Reserve Fund and the Reserve Fund restored by transfers of HK\$830,000,000 and HK\$209,372,825 from the Bank's inner reserves and retained profits respectively. This will still leave carried forward profits in the Bank's accounts of HK\$100 million. We shall require the authorised capital to be increased to HK\$4,000 million and your approval for this will also be sought. Your Directors are quite confident that total distribution for 1980 will not be less than that for 1979, meaning dividends of not less than 47 cents per share on the increased capital as proposed.

1979 has proved a record year for your Group and has produced a rather better increase in profits than anticipated, but if one remembers that perhaps around half of the increase is needed just to keep up with inflation around the world, it puts the figures in a truer perspective.

I mentioned to you last year the tendency of economic pundits to be too gloomy and indeed the much heralded recession in the Free World has not come about. However the failure, effectively, to reduce inflation coupled with the energy price rises in the last year are not making those same economic forecasters any more cheerful. While a recession may come, and indeed may be the drastic remedy required to curb inflation, I find it difficult to see a recession of any scale in the United States during a Presidential Election year. Meanwhile economic activity in Japan and Western Europe has shown a remarkable capacity to sustain fundamental growth despite the problems faced.

It is to be hoped that a pragmatic approach to the solution of major economic problems can be sustained during the 1980s. We can take some encouragement from the example of the normalisation of Sino-American relationships which seems to have opened the bridge between the needs of an immense market and the capacity of Western technology to supply that market, in an orderly process characterised by realism on both sides.

It is comparatively easy to comment on the interlocked political and economic hazards which beset the world, but somewhat more difficult to convey an awareness that many areas are still making important progress despite the hazards. The ASEAN countries, for example, in which the Group has a major operating presence, appear to be maintaining their average annual growth rate of 7-8%. Indeed if one considers the Asia-Pacific region in general it is possible to feel hopeful that its development will be the outstanding economic trend in the last two decades of this century. This progress will of course depend upon the ability of the developed and less-developed nations to create a more balanced economic system and overcome the pressing problems of global inflation and energy shortages. The daunting scale and complexity of this task is such that realism dictates a cautious outlook for the beginning of the 1980s.

The optimism generated by the prospect of increased development in the People's Republic of China has had an effect upon the economy of Hong Kong and therefore upon the affairs of your Group.

It is good to report generally full order books for Hong Kong industrialists at least for the first half of the current year.

1979 saw the opening of the first stations on the Mass Transit Railway system in Hong Kong, a major feat of civil engineering for which the Group organised over a third of the finance through Wardley Limited. The Mass Transit Railway will undoubtedly play a major role in easing Hong Kong's traffic problems, and its completion reflects the readiness of the community to tackle infrastructure projects with determination.

Two particularly important events for your Bank have taken place since our last meeting. First the completion of the first phase of our investment in Marine Midland Bank, and secondly the definite decision to go ahead with the redevelopment of our Headquarters at 1 Queen's Road.

Marine Midland's successful application to convert into a National Bank cleared the way for our tender offer to their shareholders to purchase 25% of the outstanding stock. This received a very favourable response and was well oversubscribed. It led to our taking up the first tranche of new capital in Marine Midland on 4 March 1980 when we became 41% stockholders in that institution. Under our agreement the second tranche of new stock will be taken up by

profit generated from the sale was treated as an extraordinary profit and transferred direct to the Bank's inner reserves. As such of course it is not included in the profit figures mentioned earlier.

Hang Seng Bank had another record year both as to profits and dividend distribution. They continue to thrive under the guidance of Mr S H Ho as Chairman and Mr Q W Lee as Chief Executive.

Internationally our operations were very encouraging particularly so in the Far East and this is shown by the larger increase in profits shown by the Bank itself over that of the Group.

The British Bank of the Middle East showed a small increase in profits.

Shareholders will, I am sure, have read of the transfer of the Head Office of The British Bank of the Middle East from London to Hong Kong at the beginning of this year. This will allow closer and speedier liaison within the Group without in any way reducing the service we offer our constituents in the Middle East. This has meant a new Board of Directors in Hong Kong for The British Bank of the Middle East but I would like to pay tribute to the resigning directors, many of whom have given very long service and all of

subsidiary of Wardley Limited - taking over the Group's business there. The start has been most promising.

Wardley itself reported continued growth and record profits. Their dividend was increased from HK\$30 million to HK\$47.5 million. Wardley's development is particularly important enabling the Group as it does to take advantage of the increasing trend toward transnational financial arrangements.

Wardley Middle East Limited continued to make progress during a difficult year dominated by political uncertainty in its area. Our finance companies in Brunei, Hong Kong, Malaysia and Singapore all produced good results and expanded their operations. The growth of our insurance ventures during the year was also very satisfying and we are confident that they will not only be making a significant contribution in future years but are a valuable addition to the range of our services.

Wayhong Investment which holds our transport portfolio had another good year with increased returns coming from the World-Wide Group of companies and from Cathay Pacific Airways.

At the end of last year we announced we were holding talks with Antony Gibbs which might lead to our purchasing the 60% in their company which we do not already own. Negotiations with Antony Gibbs continue and I hope to be able to say something more on this subject at the Ordinary General Meeting.

We are providing shareholders with a review of Operations as part of this year's Annual Report, and we believe that this will give some idea of the very wide range of services we now provide, both geographically and operationally. My full International Survey, which hitherto has accompanied the Annual Report, will be available on request shortly after the Ordinary General Meeting.

There has been a number of changes in your Board. In accordance with the agreement with Marine Midland, we have invited three members of their Board to join us. They are Messrs E W Duffy, Chairman, J R Petty, President, and R W Hubner, a Director and former IBM Senior Officer. Messrs Li Ka-shing and J F Holmes have also joined us, as have two additional Executive Directors, Messrs P E Hammond and I H Macdonald. To them all we extend a warm welcome, confident that their experience in different fields will contribute significantly to our counsels.

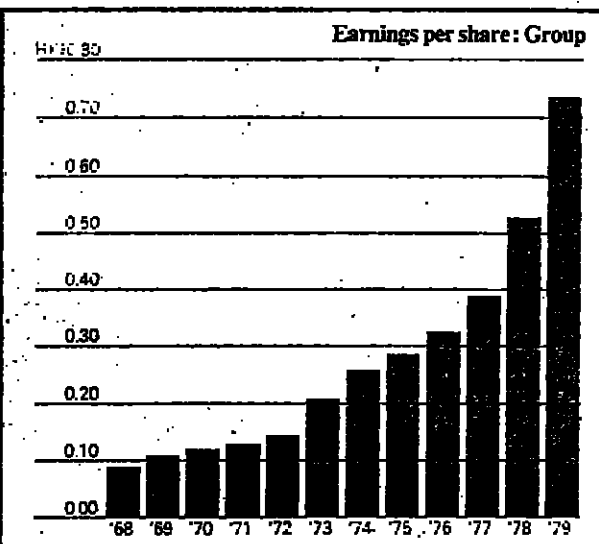
Mr P G Williams, upon relinquishing his executive role in Inchcape, is stepping down as Deputy Chairman after the Ordinary General Meeting but I am glad to say he has agreed to stay on the Board. His place as Deputy Chairman will be taken by Sir Y K Pao.

Mr G R Ross who has been on your Board for twelve years retires after this meeting under Regulation 89(h). I would like to put on record the great debt I and my predecessors owe Mr Ross for his dedication to the Bank's business.

As always, it is my pleasure and duty to remind shareholders of the debt we owe to a hard working staff who now number some 23,000 around the globe. This statement of mine has, perforce, been written some little time before the Ordinary General Meeting, when I will, if necessary, bring shareholders up-to-date with the affairs of the Bank. However, I hope that the Annual Report does at least present shareholders with a portrait of a vibrant organisation poised to take advantage of opportunities as they arise during this new decade.

1979 HIGHLIGHTS

	1978	1979	1979
	HK\$ millions		£ millions
Issued Share Capital	1,155	1,732	158
Reserve Fund	1,427	1,636	149
Retained Profits	295	341	31
Deposits	74,654	97,374	8,885
Advances	37,107	42,652	3,892
Bank Premises	1,241	1,541	141
Net Profit	728	1,014	93
Total Assets	98,464	125,292	11,431

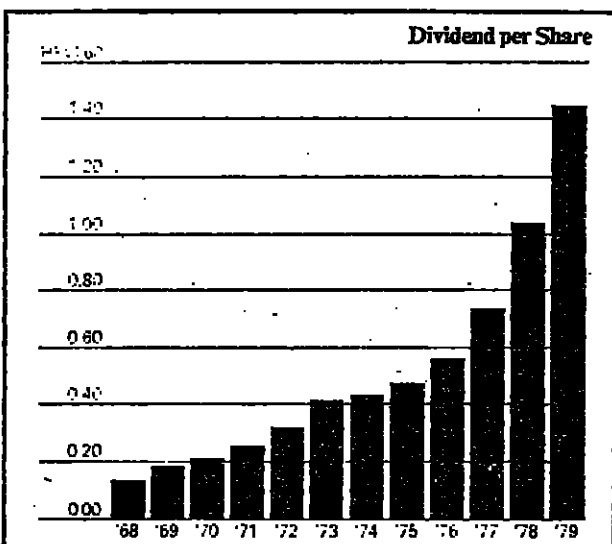
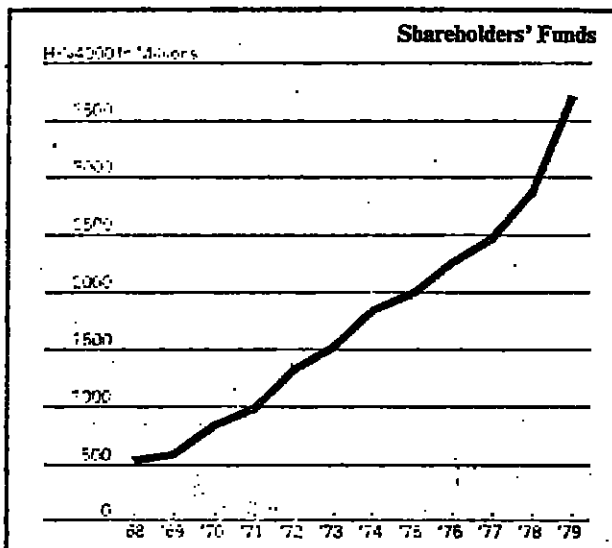


us by the end of this year. At that time our investment will be 51% at a cost of US\$314 million. Naturally we are delighted at the successful outcome of what have been protracted negotiations over a two year period but which served to confirm our confidence in the benefits which will accrue to both banks. We look forward to cooperating actively with Marine Midland in extending the range and scope of our services. The combined assets of both our organisations total more than US\$40 billion, and this joint strength places us effectively among the major international banks in the world.

The Board has decided in favour of a complete redevelopment of our Queen's Road Headquarters. As we said at the time this is evidence, if evidence were needed, of our long-term commitment to Hong Kong. We are determined that the redevelopment will produce a building of which the Bank and Hong Kong as a whole can be proud and with the appointment of Foster Associates of London as our architects we are confident this will be achieved.

Elsewhere in Hong Kong we continued to expand the number of branches to provide easy access to customers in developing new towns and the older urban areas. This will continue when and where necessary although as we now have some 230 branches in Hong Kong we expect the opening of new offices to slow down somewhat.

During the year the Bank disposed of its ordinary shares in Hutchison Whampoa. This was in line with our promise when we took up our investment in 1975 - at that time in Hutchison International - to sell when conditions permitted and in an orderly manner. The



whom have taken a very close interest in the affairs of that Bank during a time when there has been a generally unsettled and sometimes turbulent atmosphere in the area in which it operates. I am glad to say that their counsel will not be lost as, with the exception of Mr Macqueen, they will be forming an advisory committee in London. Mr Macqueen who was in turn Chief Executive and later Chairman completed 50 years service with The British Bank of the Middle East before his retirement from their Board at the end of the year.

The Bank of Iran and the Middle East in which the Group had a 35% interest was nationalised during 1979 and we still await compensation. The Saudi British Bank, in which the Group holds 40%, has established itself very successfully under the able chairmanship of Sheikh Suhaimi Saleh Olayan.

Mercantile Bank Limited showed some progress although profits were down on 1978. The economic problems of India, exacerbated by political uncertainty, made trading conditions difficult and it is to be hoped that the incoming government will move swiftly to restore some measure of business and investment confidence. Similarly in Mauritius results were adversely affected by prolonged industrial and labour strife. The results achieved by Mercantile nevertheless reflect favourably on the staff involved. Our Canadian operations continued to expand although the continuing delay in the grant of charters to foreign banks has had an inhibiting effect on our plans to move to a full banking operation. In Australia we restructured our operations by Wardley Australia Limited - a wholly owned sub-

The Hongkong Bank Group

Principal subsidiaries and associate members of The Hongkong Bank Group:-

The British Bank of the Middle East

The Mercantile Bank Limited

Wardley Limited

Hang Seng Bank Limited

The Saudi British Bank

The British Bank of the Lebanon, S A L

Antony Gibbs Holdings Limited

Wardley Middle East Limited

Services offered by the principal subsidiary and associate companies of The Hongkong Bank Group:

BANKING · MERCHANT BANKING SERVICES · FINANCE AND INVESTMENT · INVESTMENT MANAGEMENT

EXPORT CREDIT · INSURANCE SERVICES · BULLION DEALING · COMPANY DATA INFORMATION

TRAVELLERS CHEQUES · CREDIT CARDS · TRUSTEE SERVICES · NOMINEE SERVICES

Broken Hill looks ahead

BY KENNETH MARSTON, MINING EDITOR

A MAJOR exploration programme costing \$450m (£45m) over the next five years is to be launched at the famous Broken Hill district of New South Wales by the Rio Tinto-Zinc group's Australian Mining and Smelting which owns the Zinc Corporation and New Broken Hill lead-zinc-silver mines.

The Broken Hill orebody is one of the largest and richest lead-zinc deposits in the world, but it has been worked almost continuously since 1883. Although the group's mines there have remaining lives of between 17 and 26 years, it takes anything from five to fifteen years to bring any new find to full production.

So the AM & S search, which will require a substantially higher expenditure if new economic deposits of ore are discovered, has to get underway now in order to ensure the future of the city of Broken Hill as a major mining centre and of the dependent smelting operations at Port Pirie and Cockle Creek.

Fortunately, AM & S believes that there is a considerable geological potential for further ore discoveries in this great mining region and the new search will be based on a better understanding of the ore environment as opposed to the previous examination of only outcropping mineralisation. The programme will be co-ordinated by CBA Exploration.

Messina makes good progress

THE FORECAST of a "major improvement in profitability" for the Messina (Transvaal) copper mining and industrial group which operates in South Africa and Zimbabwe is fully borne out in the results for the half-year to March 31.

They show an advance in net profits to R8.72m (£4.86m), equal to 79.3 cents per share, compared with only R1.78m in the same period of a year ago. An interim dividend is declared of 15 cents (8.4p).

After the loss sustained in 1977-78 when the industrial interests ran into trouble, Messina returned to the dividend list in the year to last September with a profit of R5.52m and a single dividend payment of 10 cents.

While better metal prices

lifted profits in the past half-year Messina's industrial income showed a sharp increase, mainly as a result of an improved performance by the Datsun vehicle franchise.

Messina made substantial loan repayments and reckons that even if metal prices are lower in the current half-year its profits should show a further increase thanks to the continuing improvement in industrial earnings. The shares were 196p yesterday.

Randfontein's lower output

FOLLOWING LAST year's stock disclosure that remaining ore values at the old original gold and uranium mine were well below those indicated by past records, Randfontein Estates has come to terms with the change circumstances.

The old section is now considered as only marginal at current metal prices and is reckoned capable of continued production at a modest 70,000-80,000 tonnes of ore per month for at least the next four years. This is still a worthwhile addition, however, to that of the more exciting new Cooke mine.

It will mean that until the R200m (£98m) Cooke No. 3 shaft system is brought into operation in 1985, Randfontein's overall uranium production will be reduced and arrangements have been made for supplies from other mines to meet the shortfall. Meanwhile, further improvements at the Cooke plant should result in uranium production rising to 700 tonnes a year in the near future; it was 148 tonnes in the past quarter.

Another unfortunate result of the much lower metal prices and ore grades at the old mine is that they lowered Randfontein's overall gold ore grade milled last year from 11.4 grammes per tonne to only 6 grammes as the tonnage drawn from the old mine increased.

The chairman, Mr. Bernard Smith, warns that further reductions in grade must be expected because of the legal requirement that mining grades must match those of the ore reserves. Consequently this year's total gold output is expected to revert from 23,486 kg in 1979 to about the 1978 level of 21,106 kg. Even so, Randfontein still hopes to "further enhance" dividends this year.

Amax is to increase royalty payments to 6 per cent, loan a total of \$10m to the companies and buy warrants of the companies worth \$10m.

ROUND-UP

South African gold production showed a marginal decline last month with output from all the Republic's mines totalling 1,738,900 ounces compared with 1,790,459 ounces in February. The total for the three months to end-March comes out at 5,439,016 ounces against 5,584,587 in the same period last year.

Mary Kathleen, the Australian uranium producer owned by Considine Rhotinto of Australia and the Commonwealth Government, has enough ore reserves for its plant to operate until the end of 1984. Production of uranium oxide in the 1980 first quarter was 156 tonnes, equivalent to an annual rate of 623 tonnes. Last year production was 333 tonnes.

A first priority for 1980 at Briscoe, a Canadian resources company in the Rio Tinto-Zinc group, will be the acquisition of cash flow-producing assets to support the capital demands of Briscoe Oil and Gas, Mr. High says. The president, said in his annual statement.

Acquisitions and stocks drain Asstd. Biscuit cash

THE CASH position of Associated Biscuit Manufacturers was negative at the 1979 year-end, the first time for four years, says Mr. Gordon W. N. Palmer, chairman, in his annual statement.

This was due mainly to taking on overdrafts in companies acquired and a deliberate policy of building up certain stocks to guarantee supplies to the trade in the first quarter of 1980, he explains.

There was a £14.69m decrease in cash balances during 1979, compared with a \$0.95m increase previously.

Bank and other short-term deposits amounted to £84,000 (£2.55m) at the year-end, and cash and bank balances totalled £1.2m (£5.2m). Bank loans and overdrafts were sharply higher at £10.0m (£3.96m), of which £7.15m (£1.71m) was unsecured in the UK.

Stocks were up from £22.65m to £27.12m. Pre-tax profits climbed to a record £11.50m (£9m) last year. On a CCA basis, the taxable surplus was reduced to £6.52m (£3.33m). The net total dividend is being raised to 4.44p (3.38p).

The chairman said in his preliminary statement that the re-balancing of the group, with less dependence on the UK biscuit market, a larger presence in North America and Europe, and a substantial stake in the snack food market, will enable it to grow both in turnover and profits.

Ambitious targets had been set for the current year, and he saw no reason why they should not be achieved. Estimated commitments for

CU warns of troublesome year ahead

Sir Francis Sandilands, chairman of Commercial Union Assurance, told the annual meeting that 1980 was expected to be a troublesome year for the insurance industry. New business, he said, was becoming more difficult to obtain at rates of premium which were likely to show an underwriting profit. Despite this sombre background, he said results for the first three months looked like being better than those for the corresponding period last year. He pointed out, however, that results in the first three months last year were affected by exceptionally bad weather, especially in North America and the UK. Inflation increased claims costs and operating expenses and growth in premium income was needed to meet these rising costs, he said.

CLAYTON SON

The pre-tax profit of Clayton Son and Company (Holdings) for 1979 included \$42,750 from associates compared with a loss of \$71,486 in 1978. The tax charge was \$447,425.

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A commitment to seek profitable growth worldwide

Extracts from Mr. Daniel Meinertzhagen's Statement.

The Annual General Meeting of Royal Insurance Company Limited will be held in Liverpool on 14th May, 1980.

1979 Results

The total profit before taxation for 1979 fell by £21.5m to £131.5m reflecting a marked downturn in the underwriting result for the year which was a loss of £16.5m compared with a profit of £25.4m in 1978. A contributory factor to the turnaround was the abnormally high level of weather losses. We estimate that these exceeded even the relatively heavy weather losses of 1978 by some £15m, the major part of the increase coming from the United States, United Kingdom and Caribbean.

Competition has remained strong — indeed in some areas it might appear irrational — and we have continued to maintain our policy of resistance to excessive rate cutting. Whilst we are fully aware that this policy has led to some restraint on the rate of increase in our premium income in particular areas and classes of business, we nevertheless firmly intend to maintain our position overall as a leading international company by active development of business wherever we see prospects for profitable growth.

In contrast to the underwriting deterioration, which was not peculiar to our company but affected most of the major insurance markets in the world, we secured a satisfactory growth in investment income from £120.7m to £133.0m, an underlying increase of 18.3% after excluding the effect of exchange rate movements. This, together with good increases in the contributions from long term insurance and from associated companies, produced a not unreasonable profit before tax of £131.5m.

Dividend Recommendation

A final dividend of 13.25p per 25p unit of stock is being recommended, making a total for the year of 21.5p representing an increase of 14.5%. As our record shows we are a company which has a progressive dividend policy. Our ability to pursue this policy must, however, be consistent with the need to maintain a sufficient level of capital and free reserves to support a growing business and this means retaining a substantial proportion of our profits in the company. In 1979 the overall result was such that we were able not only to maintain our dividend policy but also to transfer £48.6m to reserves.

Exchange Control

Whilst the exchange control authorities in the United Kingdom have always been most understanding towards the needs of insurance companies because of the valuable contribution they make to the United Kingdom balance of payments, I welcome the total abolition of the regulations. This has enabled us to repay some of the foreign borrowings which, under those regulations, we made for the purpose of expanding in overseas markets and which, otherwise, we would not necessarily have made. More importantly perhaps, we shall have a greater degree of flexibility and fewer inhibitions when considering our worldwide planning in future.



Life Business

The life fund will be valued annually from 1980 instead of triennially. To pave the way for this change we carried out a transitional valuation covering two years 1978 and 1979. The change to an annual basis will give both our policyholders and stockholders the benefit of the most up-to-date valuation and declaration of surplus from our increasingly important life operation. We strongly support the continuing practice of successive Governments of allowing policyholders to receive tax relief on those life assurance policies that are maintained in force for a reasonable number of years and which are designed to provide life assurance protection and long term savings.

The Changing Environment

At the start of a new decade it is appropriate to reflect on the 1970's. For Royal Insurance, and the insurance industry as a whole, it has been an era of tremendous change. On the political front we have suffered from nationalisation



Summary of Consolidated Results		
	1979 £m	1978 £m
General Insurance Premiums Written	1,225.1	1,220.1
Earnings		
General Insurance Underwriting Result	-16.5	25.4
Investment Income on Stockholders' and General Insurance Funds	133.0	120.7
Stockholders' Long-term Insurance Profits	7.7	4.4
Share of Associated Companies' Profits	7.3	2.5
Profit before taxation	131.5	153.0
UK and Overseas Taxation	56.8	64.5
	74.7	88.5
Balance of Stockholders' Long-term Insurance Profits 1975/78	7.2	—
	81.9	88.5
Minority Interests	0.9	0.3
Net Profit attributable to the Company (per 25p unit of stock)	81.0 (53.9p)	88.2 (58.7p)
Appropriations		
Dividends		
Supplementary for previous year	—	0.2
Interim	12.4	10.9
Proposed Final	20.0	17.3
	32.4	28.2
Total (per 25p unit of stock)	32.4 (21.5p)	28.4 (18.9p)
Provision for Employee Share Scheme	—	0.4
Transfer to Retained Profits	48.6	59.4

and faced growing nationalism in some parts of the world. There has been an increase in governmental involvement from rate-making processes and a growth of regulation of our business. At the same time the boundaries between private and state insurance have shifted, generally in the direction of the latter.

An important aspect of social change has been the growth of consumerism. This we have learnt to live with but we are disturbed by the general lowering of standards of conduct reflected by increases in crime such as burglary, vandalism and arson. This change in behavioural pattern has, I believe, had a more profound effect on our business than may have been generally recognised.

Furthermore, economic circumstances have meant that we have had to operate in an environment where inflation has at times accelerated rapidly and in the last few years in many parts of the world has reached unprecedentedly high levels.

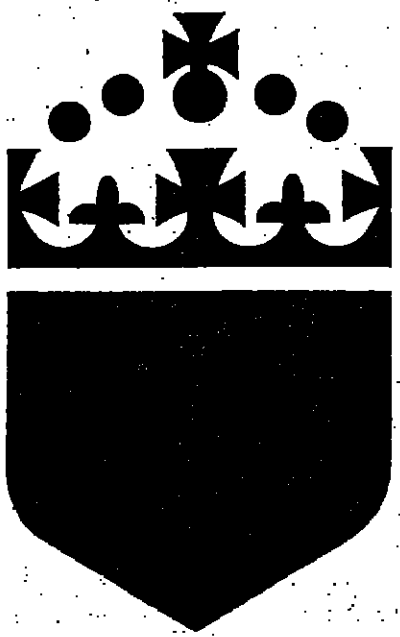
The fact that our Group has been able to respond successfully to these challenges and has emerged well placed to face the future is due in no small part to the firm and dedicated leadership of Mr K M Bevins

who has been our chief general manager for the past ten years. I am sure stockholders will join me in wishing him a happy retirement from this exacting post. I am glad we shall continue to benefit from his advice as a non-executive director.

The outlook for the 1980's would suggest that they will prove to be no less difficult and we are fortunate that in our new chief general manager, Mr J J Howard, and his executive colleagues we have a team which will be more than equal to the challenge.

Staff and Agents

I would also like to take this opportunity on behalf of stockholders and the Board to thank our staff for their readiness to participate fully in the changes which have taken place. It is our objective to run a successful insurance business. The cornerstone of this objective is the knowledge and experience of our management, staff and agents around the world whose dedication and enthusiasm is our most valuable asset.



Royal Insurance

Please send me a copy of the Report and Accounts for the year ending December 31st, 1979.

Name _____

Address _____

To: Registrar's Dept., Royal Insurance Company Ltd.,
 New Hall Place, Old Hall Street, Liverpool L69 3EN.

McDonnell Douglas earnings decline in first quarter

Margins tighten at Armco

ARCO, the first large U.S. steelmaker to report this quarter, said yesterday that its earnings had declined despite a small improvement in the value of its sales.

Operating income was \$44.4m or \$0.40 a share, down 24 per cent. on the \$58.4m or 57¢ earned in the same period last year. Sales rose 10 per cent from \$1.22bn to \$1.35bn.

Much of the drop was due to weak demand from the automotive industry for flat-rolled steel. Arco's said operating income from flat-rolled steel fell to \$27.4m from \$43.4m last year, and specialty steel income fell to \$18m from \$25.6m.

Mr. Harry Holiday, said he company's chief executive, said he

did not see any significant improvement in demand for flat-rolled steel until the fourth quarter of this year. He also warned that rising energy costs and the recent wage settlement would make it difficult for the company to live within President Jimmy Carter's price guidelines.

However, Arco benefited from improved results from its diversified businesses. Oilfield and oil production sectors had operating income of \$44.7m, up from \$28.5m. Mineral resources rose from breakeven in the company's \$34.7m loss.

Arco also noted that its oil tubular business is operating at full capacity, reflecting the new oil drilling boom in the U.S.

AIR PRODUCTS & CHEMICALS				COLLINS & AIKMAN			
	1980	1979	\$		1980	1979	\$
Second quarter				Fourth quarter			
Revenue	378.0m	299.3m		Revenue	152.7m	193.1m	
Net profits	34.2m	24.5m		Net profits	2.73m	8.59m	
Net per share	1.21	0.87		Net per share	0.22	0.85	
Six months							
Revenue	695.4m	574.8m					
Net profits	85.2m	48.4m					
Net per share	2.30	1.05					
ALBERTO-CULVER				COMMUNICATIONS SATellite			
	1980	1979	\$		1980	1979	\$
Second quarter				First quarter			
Revenue	57.8m	48.0m		Revenue	70.0m	60.0m	
Net profits	1.14m	566.0m		Net profits	9.93m	11.9m	
Net per share	0.28	0.23		Net per share	1.24	1.49	
Six months							
Revenue	107.0m	91.2m					
Net profits	1.93m	1.89m					
Net per share	0.47	0.38					
AMERICAN CAN				DILLON COMPANIES			
	1980	1979	\$		1980	1979	\$
First quarter				Third quarter			
Revenue	1.151m	1.048m		Revenue	519.8m	440.8m	
Net profits	16.1m	23.5m		Net profits	8.8m	8.2m	
Net per share	0.91	1.18		Net per share	0.50	0.90	
AMERICAN HOME PRODUCTS				Nine months			
	1980	1979	\$	Revenue	1.511m	1.326m	
First quarter				Net profits	20.26m	24.3m	
Revenue	1.026m	916.95m		Net per share	1.24	1.31	
Net profits	113.5m	101.04m					
Net per share	0.72	0.54					
AMSTAR				EASTERN GAS & FUEL			
	1980	1979	\$		1980	1979	\$
Second quarter				First quarter			
Revenue	323.2m	254.8m		Revenue	288.6m	242.2m	
Net profits	4.99m	3.77m		Net profits	17.84m	15.44m	
Net per share	0.53	0.39		Net per share	0.82	0.73	
Three months							
Revenue	900.6m	793.9m					
Net profits	14.6m	11.2m					
Net per share	1.54	1.15					
ARMCO				FABERGE			
	1980	1979	\$		1980	1979	\$
First quarter				First quarter			
Revenue	1.356m	1.226m		Revenue	47.1m	48.1m	
Net profits	82.14m	88.85m		Net profits	674.00m	282.00m	
Net per share	1.36	1.27		Net per share	0.12	0.05	
B.C. FOREST PRODUCTS				FIRST MISSISSIPPI			
	1980	1979	\$		1980	1979	\$
First quarter				Third quarter			
Revenue	CS	CS		Revenue	42.1m	36.1m	
Revenue	184.8m	178.3m		Net profits	4.59m	2.01m	
Net profits	14.8m	25.9m		Net profits	0.82	0.24	
Net per share	0.97	1.50		Nine months			
BAUSCH & LOMB				Revenue	147.6m	107.8m	
	1980	1979	\$	Net profits	12.51m	126.00m	
First quarter				Net per share	1.44	10.03	
Revenue	133.8m	116.5m					
Net profits	11.05m	8.06m					
Net per share	0.93	0.69					
BELL & HOWELL				FUJICA INDUSTRIES			
	1980	1979	\$		1980	1979	\$
First quarter				First quarter			
Revenue	CS	CS		Revenue	491.0m	484.2m	
Revenue							

Volvo aims for further expansion

big potential," declared M. Gyllenhammar.

So far Volvo has:

- (1) Bought a concession to exploration on the Norwegian Continental shelf.
- (2) Became a 33 per cent partner in the International Energy Development Corporation which will become involved in the exploration and development of energy resources in developing countries, and initially will concentrate on oil and gas exploration and production.
- (3) Volvo's partner in this Geneva-based company are Sulpetro of Canada and AZO Resources of the U.S.
- (4) Taken a minority interest in an offshore equipment manufacturer. Volvo might be able to use some of its existing manufacturing capacity to produce this equipment.

International Harvester in a European drive

"There is still a possibility of the deal won't work out," says Mr. Ratcliff, "nevertheless it is a prospect about which we are excited."

Mr. Ratcliff points out that "if one adds up Pegaso, Daimler (possibly also Dodge) and Seddon Atkinson, you start to arrive at impressive numbers for distribution already in place."

But whether IH arrives in Europe through the UK, Daimler or Spang, or combination of all three, it envisages that some \$155m would have to be spent in rounding out a network of retail outlets, dealer support, quite apart from direct spending on products and production.

It is an investment which IH appears ready and willing to make.

AIR PRODUCTS & CHEMICALS				COLLINS & AIKMAN			
	1980	1979	\$		1980	1979	\$
Second quarter				Fourth quarter			
Revenue	378.0m	299.3m		Revenue	152.7m	193.1m	
Net profits	34.2m	24.5m		Net profits	2.73m	8.59m	
Net per share	1.21	0.87		Net per share	0.22	0.85	
Six months							
Revenue	695.4m	574.8m					
Net profits	85.2m	48.4m					
Net per share	2.30	1.65					
ALBERTO-CULVER				COMMUNICATIONS SATellite			
	1980	1979	\$		1980	1979	\$
Second quarter				First quarter			
Revenue	57.8m	48.0m		Revenue	70.0m	60.0m	
Net profits	1.14m	566.0m		Net profits	9.93m	11.9m	
Net per share	0.28	0.23		Net per share	1.24	1.49	
Six months							
Revenue	107.0m	91.2m					
Net profits	1.93m	1.89m					
Net per share	0.47	0.38					
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First quarter				Net profits	20.26m	24.3m	
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Net per share	0.97	1.50		Nine months			
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	1980	1979	\$		1980	1979	\$
First quarter				First quarter			
Revenue	CS	CS		Revenue	491.0m	484.2m	
Revenue							

Dollar issues advance on sustained demand

The strength of investor interest was felt by dealers to be a result both of the large advance recorded in the New York bond market late on Friday afternoon and to the continuing fall in interest rates. Six-month Eurodollar rates dropped by $\frac{1}{8}$ to 15 $\frac{1}{2}$ per cent yesterday while the 12-month rate shed $\frac{1}{8}$ per cent to reach 14 $\frac{1}{2}$ per cent.

The Canadian Export Development Corporation bond carries of 12 $\frac{1}{2}$ per cent and the bonds are priced at par. The borrower cannot call the issue before 1985. The interest rate on the Portuguese FRN, which is also managed by CSFB, is $\frac{1}{8}$ per cent over the six-month Libor, with a minimum coupon of 6 $\frac{1}{2}$ per cent.

In the hard currency sector, prices of Deutsche Mark foreign bonds moved up a round of a point while Swiss franc bond prices were essentially unchanged.

A Sw.Fr. 20m five-year private placement for the Council of Europe has been arranged by Banca del Gottardo. It carries a final coupon of 7 $\frac{1}{2}$ per cent and is priced at par.

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.									
U.S. DOLLAR		Change on				Closing prices on April 22			
STRAIGHTS	Issued	Bid	Offer	day	week	Yield	Yield	Yield	Yield
Alcoa of Australia 10 88	60	85 1/2	86 1/2	+	12.16	8 1/2	8 1/2	8 1/2	8 1/2
Alco Hawaiian KW 81 87	30	68	68	0	16.03				
Australian Res. 91 84	30	91 1/2	92 1/4	+	12.09				
Avco O/S 84 84	100	88 1/2	89 1/2	+	12.16				
Beneficial Fin. 91 87	100	88 1/2	89 1/2	+	11.88				
Genl. Rate 12 86	100	82 1/2	83	0	11.72				
CECA 11 80	50	91	92	+	12.30				
Chrysler 91 86	50	88 1/2	89 1/2	+	12.16				
Carter Hawley 91 86	50	89 1/2	90 1/2	+	12.16				
Comelco Inc. E. 10 91	40	88 1/2	89 1/2	+	11.98				
Continental 91 86	50	88 1/2	89 1/2	+	12.16				
Dome Petroleum 10 84	50	82 1/2	83	0	12.70				
Dominion Paper 10 84	50	91 1/2	92 1/4	+	12.79				
EIB 10 15 89	100	88 1/2	89 1/2	+	12.16				
Euro 11 15 87	50	94 1/2	95	0	12.42				
Exorot D. L. 84	50	91 1/2	92	0	12.02				
Exorot D. L. 84	50	91 1/2	92	0	12.02				
Genl. Rate 12 86	100	125 1/2	126 1/2	+	12.56				
GTE Finance 91 88	50	88 1/2	89 1/2	+	12.13				
IMAC O/S Fin. 11 84	100	88 1/2	89 1/2	+	12.01				
GMF 91 86	100	85 1/2	86 1/2	+	12.26				
Guo Int. Fin. 91 86	100	91 1/2	92 1/4	+	12.04				
Int. Antilles 91 86	100	88 1/2	89 1/2	+	12.16				
Kanaco Int. 91 85	100	87 1/2	88 1/2	+	12.29				
Manitoba 91 86	75	85 1/2	86 1/2	0	12.15				
Marathon 91 86	125	88 1/2	89 1/2	+	12.82				
Nat. Gas. Telco. 91 86	100	88 1/2	89 1/2	+	12.16				
New Brunswick 91 84	75	83 1/2	84	0	12.73				
Newfoundland 10 86	50	88 1/2	89 1/2	+	11.63				
Noranda 91 86	100	88 1/2	89 1/2	+	12.16				
Norway 91 84	125	82 1/2	83	0	12.73				
Norway State 91 88	50	88 1/2	89 1/2	+	12.19				
Ontario 91 86	100	88 1/2	89 1/2	+	12.16				
Pennwalt O/S F. 84	25	82 1/2	83	0	11.47				
Persico Can. 91 84	100	91 1/2	92 1/4	+	11.89				
Reunited 91 86	100	88 1/2	89 1/2	+	12.16				
Saint Robert 9 82	150	94 1/2	95	0	12.22				
State 91 86	100	88 1/2	89 1/2	+	11.73				
State 91 86	100	88 1/2	89 1/2	+	11.82				
State 91 86	100	88 1/2	89 1/2	+	11.82				
State 91 86	100	88 1/2	89 1/2	+	11.82				
State 91 86	100	88 1/2	89 1/2	+	11.82				
State 91 86	100	88 1/2	89 1/2	+					

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

offices in Barbados within the next two years. He believed these would be major British and U.S. banks. At present, Barbados has branches of Royal Bank of Canada, Barclays, Canadian Imperial Bank of Commerce, Bank of Nova Scotia, Chase Manhattan and Citibank operating on the island.

Mr. Adams told bankers in London that Barbados would carefully scrutinise all applications to open bank offices on the island. The country only wanted banks of the highest reputation.

By Robert Gibbons in Montreal

ALCAN ALUMINIUM earned \$148.4m, or \$1.83 a share, in the first quarter of this year, against \$96.7m, or \$1.19, on revenues of \$1.3bn against 1.08bn.

The company expects continuing strong demand in the second quarter though some uncertainties may develop in the second half resulting from downturn in some segments of the U.S. market.

more gloomy motor industry figures were reported by White Motor, the U.S. heavy truck and equipment maker, John D. McKinstry writes in New York. The group made a first quarter loss of \$9.2m, compared with net profit of \$6.7m for the first three months of 1970.

+34.1	5.62	Asahi Optimal 7 94	117/8	605	147	88	7.24		
+34.0	5.28	Cannon 94	8 7/8	570	389	375	0-4	12.15	
+33.9	5.28	Chubu Denki 94	8 7/8	570	375	71	72-4	0-4	4.82
+33.8	6.29	Credit Suisse 42 93	10 1/8	1000	825	100	100	100	100
+33.7	6.29	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+33.6	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+33.5	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+33.4	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+33.3	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+33.2	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+33.1	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+33.0	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
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+32.7	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+32.6	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
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+30.9	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+30.8	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
+30.7	5.77	Daiichi Ind. 64 94	11/8	1020	825	100	100	100	100
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Veba lifts sales by 25% in first quarter

BY KEVIN DONE IN FRANKFURT

VEBA, West Germany's largest industrial group, increased turnover by 25.6 per cent in the first quarter of the year to DM 8.2bn, compared with DM 6.5bn in the first three months of 1979.

Sales were boosted by both higher prices and increased volume, but the group's profitability failed to keep pace. Pre-tax profits in the first quarter rose by only 3.4 per cent to DM 391m.

Veba said yesterday that the profits of its electricity supply division had shown no increase over last year, while the profitability of the oil sector had fallen below the level achieved in the first three months of 1979.

Further increases in the cost of crude oil and the added costs imposed by the rise in the value of the dollar had been only partially passed on.

The clearest progress in the first quarter was made by Veba's chemicals, trading and transport divisions. Despite some weakness in March, the results of the chemicals division were well ahead of the corresponding quarter in 1979, and chemicals sales rose by 34.9 per cent to DM 1.8bn.

Despite weakness in some centres, Veba said it expected a satisfactory result for the rest of 1980.

Last year it increased group pre-tax profits by 75 per cent

to DM1.5bn on total sales of DM36.7bn.

Veba's own crude oil production rose by some 13.7 per cent in the first quarter to 473,000 tonnes, compared with 416,000 tonnes in the same quarter of 1979—its sole sources are the Thistle Field in the North Sea, and Libya—but this still accounts for only a small part of its crude oil needs.

Larger purchases of oil products on the spot market allowed Veba to drop the amount of crude oil processed by 6.8 per cent to 3.6m tonnes in the first three months of 1980 compared with 3.9m tonnes.

The volume of light oil product sales rose by 8.6 per cent

to 1.1m tonnes, while middle distillate product sales, such as heating oil, fell by 4.9 per cent to 2.2m tonnes, and heavy oil products showed a marginal rise to 1.3m tonnes.

Veba's glass-making division is still suffering a small loss, but it has started to show the benefit of a far-reaching reorganisation. The value of glass sales rose by 18.5 per cent to DM 1.39m, despite a 1.5 per cent fall in volume.

The trading sector enjoyed a substantial rise in activity in the first quarter with sales rising by 33.8 per cent to DM 3bn, and accounted for nearly 30 per cent of group turnover.

Veba's crude oil supply

agreement with British Petroleum for the supply of 3m tonnes of crude a year—the contract came into operation at the beginning of 1980—is not expected to be fully used this year.

BP is still prepared to supply the full 3m tonnes a year, but a substantial proportion would have to be bought on the spot market at higher prices than crude bought under contract.

Veba has gone a long way to secure its supplies itself through a new contract with Saudi Arabia for an extra 3.5m tonnes a year, and it is expected that it will take only about 1.5m tonnes off BP in the current year.

Belgian rail group doubles earnings

By Giles Merritt in Brussels

CIE INTERNATIONALE des Wagons-Lits et du Tourisme, the major Belgian-based railway services, catering and hotels group, has announced a sharp improvement in profits for 1979 and is proposing a substantially increased dividend.

Net earnings have almost doubled to Bfr 206m (\$8.6m) from Bfr 109m in 1978, and the dividend is being raised to Bfr 60 a share from Bfr 40.

The results mark a further strong surge in Wagons-Lits' profits, for the 1978 net profits compared with Bfr 64.7m in 1977.

Although Wagons-Lits' activities remain based on its railway sleeping car and railway services activities, which date back to 1876, it is its growing diversification into tourism, hotels and catering through a network of subsidiary operations that new accounts for its satisfactory performance.

Total sales, in which subsidiaries' contributions are consolidated, last year rose to Bfr 34bn from Bfr 29.7bn in 1978. Wagons-Lits' railway, catering and hotel turnover in 1979 totalled Bfr 8bn, with subsidiaries' activities raising the consolidated group turnover in those three divisions to Bfr 13.6bn for the year.

The Wagons-Lits tourism division recorded sales of Bfr 17.4bn last year, with subsidiary operations bringing the group's tourism turnover to Bfr 20.5bn.

Usinor spells out eight-month loss

BY TERRY DODSWORTH IN PARIS

USINOR, THE French nationalised steel company, ran up losses of FFfr 933m (\$217m) during its last financial reporting period which ran for eight months from May to the end of December.

The losses were in line with earlier forecasts from the group, whose sales for the whole of 1979 were around FFfr 15.8bn. Usinor has a target of reaching break-even point in 1981, but has said that the costs of carrying out the Government-sponsored reorganisation programme will entail a further deficit this year.

In the previous 18-month period running up to last May, Usinor suffered losses of FFfr 2.5bn.

The deficit was reached after charging FFfr 766m for interest and other financial costs, FFfr 840m for depreciation, and FFfr 354m for extra provisions.

Usinor adds that the additional provisions have been made for the costs of redundancy payments and other financial help for steelworkers who will be losing their jobs as a result of the group's reorganisation.

Part of the costs of future investments in the company's blast furnaces have also been taken into this year's charges.

Under the rationalisation plan for the French steel industry, Usinor was merged with the

number three producer, Chiers Chatillon, to produce the country's largest steel manufacturer. Its reorganisation this year has involved heavy redundancies and has also taken in the absorption of the Rehon plant in eastern France previously owned by Cockerill, the Belgian steel company.

Nobel Bozel, the chemicals and pharmaceuticals group, has bounced out of the red for 1979 and expects to extend its recovery into the current year.

Against a loss of FFfr 116.7m in 1978, the group has returned to profits with net earnings of FFfr 60.3m. For 1980 profits are expected to be sharply higher, M. Claude-Alain Sarre, the chairman, told a Press conference yesterday.

Cashflow this year should be around 15 to 20 per cent higher and the increase in profits should be greater than this, he said. But no dividends are expected for several years because of heavy accumulated losses.

The company's borrowings are "too high and at least three years will be needed to reconstitute reserves". In order to obtain funds Nobel is negotiating with French and foreign interests with a view to selling its explosive sector. This should be concluded within three to six months, M. Sarre stressed.

Matra raises payment

BY DAVID WHITE IN PARIS

MATRA, THE French missile, electronics and car body group, is raising its dividend by a third and offering a one-for-three scrip issue after an increase in its parent company net profit last year to FFfr 180.2m (\$42m) from FFfr 150.2m.

The net dividend is being lifted to FFfr 120 a share from FFfr 90.

The company earlier announced provisional figures

showing a 39 per cent increase in consolidated net profits to FFfr 215m from FFfr 155m. The main earnings growth is believed to have come from the armaments sector. Three of Matra's recent acquisitions, the watchmaker Jaz, the telephone receiver company Depapepe and carburetor manufacturer Solex, were omitted from the consolidated figures.

Setback for Norwegian yard

BY FAY GJETER IN OSLO

AKER, the Norwegian shipbuilding and offshore fabricating group, had an operating loss of Nkr 15.8m (\$3m) last year, compared with an operating profit of Nkr 158.9m in 1978, despite an increase in turnover to Nkr 3.7bn from Nkr 3bn a year earlier. For the sixth year running, no dividend is being paid.

Mr. Gustav Heiberg, the managing director, said that the poor results were due to the fact that the company had deliberately accepted loss-making contracts last year, in an attempt to maintain employment. In addition, it had inadvertently lost money on certain other contracts—most for the offshore industry—because it had underestimated the amount of work required.

The policy of accepting unprofitable contracts had reflected Aker's wish to hold on to qualified workers, in the expectation that the market for its products would improve with the forthcoming increase in activity on Norway's continental shelf. "Perhaps we overdid it," Mr. Heiberg Simonsen commented.

On the other hand, he believed Aker was now more experienced in negotiating contracts with the oil companies, thereby securing a fairer price. Recently concluded contracts looked like being more profitable than 1979 orders, and there was a "good chance" that this year's result would be better than last year's.

Mr. Heiberg said that whether the pace of development on Norway's shelf was going to be significantly slowed as a result of the Alexander Kielland platform accident. At the same time, a decision by the Government to demand more frequent inspections of floating structures, could lead to increased orders for the group's offshore contracting services.

Aker's faith in its own floating platform design, the H-3, had not been shaken by recent events, Mr. Heiberg Simonsen said. On the contrary, recent studies had strengthened its conviction that the design was robust.

He welcomed the Norwegian Government decision, announced on Friday, to approve more favourable financing terms for

rigs ordered by Norwegian owners from Norwegian yards. The fact that rigs would now be eligible for long-term financing on the same terms as ships, would stimulate orders for new units.

Cancellation fees for tanks which should have been delivered last year accounted for about Nkr 80m of the group's 1979 income (Nkr 108m in 1978).

The group's net result, after special items and year-end appropriations is a deficit of Nkr 3.9m compared with a deficit of Nkr 12.5m in 1978.

Activities continued to be deployed away from shipbuilding which last year accounted for 17 per cent of group capacity compared with 26 per cent a year earlier. Offshore fabricating work accounted for 19 per cent (21 per cent) while contracting work undertaken offshore accounted for 27 per cent (20 per cent).

On March 1 Aker had orders in hand worth Nkr 2.2bn and most of the group's companies could look forward to full employment through 1980.

IMM seeks to trade in Euro-deposit futures

BY PETER MONTAGNON

IN A move which could have significant implications for the syndicated credit market, the International Monetary Market said it has applied to the U.S. Commodity Futures Trading Commission for permission to trade futures contracts in three-month Eurodollar deposits.

The applications, if successful, would allow borrowers to keep much closer control on their costs by hedging against interest rate movements for periods of up to two years. At the same time lending banks would be much more flexible in funding their international business, according to IMM officials in London.

The proposal provides for individual Eurodollar contracts with a face value of \$1m. Delivery would be either a Euro-dollar time deposit or certificate of deposit.

Quotations would be based on the discounted rate for deposits

so that a deposit rate of 7.2 per cent would be quoted at 92.8. The minimum fluctuation would be 0.01 points and the maximum 0.60 points daily.

At the same time the IMM also applied for permission to trade a futures contract in domestic U.S. certificates of deposit.

The new contracts "will significantly broaden our participation in interest rate futures where we already have contracts in 90-day one-year Treasury bills and four-year Treasury notes," said Mr. Clayton Yentzer, Chicago Mercantile Exchange President.

The IMM officials added that trading volume in the new contracts would grow rapidly as is shown by the experience of the Treasury bill future contracts introduced four years ago.

In February, the face value of the average daily turnover was \$12bn, a level of activity which far exceeds the volume of the underlying spot market.

Euroc continues to cut costs

BY VICTOR KAYETZ IN STOCKHOLM

DESPITE stagnant markets both in Sweden and abroad, the building materials and industrial group, Euroc, predicts a higher pre-tax profit in 1980 than last year's Skr 70m (\$15m).

The advance is expected to arise from a higher volume of non-construction products and continued cost-cutting.

Mr. Stan Lindh, managing director, writes in the annual report: "The group has had to concentrate raising its market shares, opening new markets and operations and implementing structural and cost rationalisation on the plant and production."

Engineering and trading operations and the sale of technical know-how and turn-key plants are growing and profitable sectors, Mr. Lindh notes.

Demands for financial resources for some years to come are more likely to emanate from

the effects of inflation on working capital rather than from the plant side. The tying down of working capital and the rate of capital turnover are thus already at the centre of Euroc's attention and will continue to be so.

Growth prospects for Soloken, a heart-selective beta-blocker, remain very promising on the American market, says the annual report of Astra, the Swedish pharmaceuticals group.

Astra writes that Soloken, now its second largest selling product, was the biggest-selling beta-blocker in West Germany during 1979 and nearly doubled its sales in Britain and Austria.

Sales of the second-largest product category, local anaesthetics, rose by 12 per cent to Skr 351m (\$80m), with the U.S. accounting for nearly 50 per cent of sales.

To meet growing competition from generic

anaesthetics in the U.S., Astra will build a new automated factory there to produce sterile injectables.

Sales of anti-asthma agents rose by 14 per cent to Skr 216m, while anti-infective drugs climbed 49 per cent to Skr 205m.

During the 1980s Astra hopes to achieve a "leading position" in psychopharmaceuticals by introducing new drugs. The subsidiary, Astra Meditec (formerly Astra Sijoco), maker of hospital supplies, will aim at expansion outside Scandinavia.

As reported earlier, Astra has entered a five-year marketing agreement in France with Searle, the U.S. pharmaceuticals group. Astra has also bought a 49 per cent stake in its Spanish sales agent, IFESA.

The group repeats its forecast that pre-tax profit will rise by 13-20 per cent.

Sharp rise in turnover from Adia Interim group

BY JOHN WICKS IN ZURICH

THE ADIA Interim group last year increased turnover by 64 per cent and claims to be the second biggest temporary employment agency in the world.

Turnover of Adia, which operates 445 offices in 12 different countries, rose from Swfr 379m to Swfr 621m (\$359m).

The holding company, Adia SA, which last autumn offered 18,000 of its bearer shares to the public, expects profits for

the current year ending June 30 to be "fully up to expectations."

Last year the group placed a total of 191,962 temporary employees, some 32 per cent more than in 1978, and booked an overall figure of 39.74m working hours, a rise of 34 per cent. The year is said to have been one of marked geographical expansion, particularly in Holland, where Adia controls the Keeser Beheer and Aktie 68 agency companies.

Strong growth at Intermax

By Nicholas Colchester

AFTER TAX profits of Intermax Group, the consortium bank owned by a group of Mexican and major Western banks, grew by 30 per cent last year to \$5.58m. This was in line with the growth of the bank's loan portfolio, but it was well short of the overall expansion in the bank's balance sheet of 42 per cent to \$827.2m.

One notable feature of the balance sheet was the rapid increase of time deposits with other banks and of Intermax's holdings of CDBs. These almost doubled to \$108m. Mr. Gerard Legrain, managing director of the bank's London operation, explained that this was largely due to the recent improvement in Mexico's credit standing and the decision of the Mexican authorities to concentrate upon longer term borrowings. This made short-term loans more difficult for Intermax to find.

The improved result allowed the bank to pay its shareholders their first dividend in Intermax's six-year history... a total of \$551,593. The accounts also show that Intermax's Luxembourg holding company drew down \$1m in money market deposits to make a corresponding increase in the share capital of the London operation, International Mexican Bank. This move is understood to have resulted, at least in part, from the Bank of England's emerging capital guidelines.

European bank survey
Some 300 European multinational companies will be asked for their views on banks and bankers in a special survey which is being undertaken by Greenwich Research Associates, the U.S. research house, in conjunction with Research Bureau of the UK, writes Michael Laferrière.

The survey will take place in eight European countries. It will focus on reasons why multinationals choose their banks for international business, with particular reference to cash management and foreign exchange.

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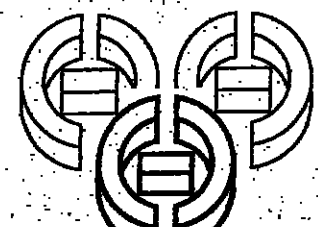
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April, 1980

Companies
and Markets

INTL. COMPANIES & FINANCE

ARAB RE-INSURANCE PROJECT

Three states sign \$3bn agreement

BY MARY FRINGS IN BAHRAIN

THE AGREEMENT to set up a multi-million dollar re-insurance company in Bahrain was signed over the weekend by Kuwait, Libya and the UAE. Qatar has not yet officially signed its intention of becoming a shareholder, but it is hoped that both Qatar and Saudi Arabia will join at a later date.

The company is to be known as the Arab Re-insurance and Insurance Group (ARIG). The taking up of the authorised capital of \$3bn is guaranteed in equal shares, by the three founder states, and will be 5 per cent paid up initially.

Kuwait, Libya and the UAE are also in partnership in the Arab Latin American Bank (Arlabank), which opened an offshore banking unit in Bahrain earlier this year.

The Libyan representative, asked if ARIG had set a target for the amount of insurance business it hoped to attract, said that the only target was the protection of Arab interests. He added that the international insurance market had "no option but to co-operate with us." Lloyds, he said, had taken the initiative for many years. The time had come for Arab countries to look after their own commercial affairs.

He hinted at a further bank-

ing joint venture between the three governments, to be centred on the UAE. "There is no limitation to our co-operation in financial, commercial and industrial projects which will help to unite the Arab world," he said.

The Kuwaiti representative

political developments. Arig would be open for participation of all Arab countries. It was said after the signing. The capital base and the commitment of the shareholders would furnish ARIG with one of the strongest financial backings in the insurance and re-

Insurance officials in Bahrain

Insurance officials in Bahrain said government guarantees of "not less than \$150m" were sought by the syndicate, which would have enough funds from its own resources to provide working capital. Bahrain's Finance Minister said on its return it was too early to suggest how governments would co-ordinate with ARIG in this field.

from the growing insurance business in the Arab world. This growth was the result not only of rising values in petroleum business, but also arose from import activities particularly relating to capital goods.

A four-man interim committee has been set up, pending the appointment of a board of directors for ARIG.

In another development, finance ministers of the seven Gulf Arab states, meeting in Doha last week for the general assembly of Gulf International Bank and four other pan-Arab organisations, promised full government support for the newly formed Arab re-insurance syndicate. The syndicate brings together 33 national insurance companies in the Gulf region, to handle both hull and cargo war risk cover for shipping using the Gulf.

Lloyd's of London has increased its war risk insurance premiums for vessels loading in the Gulf. An additional premium of 0.025 per cent is to be demanded for ships trading from this area (excluding Iran/Iraq). The extra premium for calls at Iraq will be 0.075 per cent, while calls at Iran will attract a premium increase of 0.1 per cent excluding U.S. ships, which are rated on individual application when seeking insurance on voyages to Iran. The new Arab company will not charge a war risk premium on the Gulf, the United Arab Emirates Finance Minister has said.

Insurance business in the world. It will fill a void in the Arab insurance industry, the participants said.

The founding members had realised the need for an entity in the re-insurance field, because this would lead to a better assessment and understanding of risk evaluation, and would allow Arab insurance companies to benefit more fully

Provisional liquidators for Nugan Hand

SYDNEY — Provisional liquidators have been appointed to Nugan Hand Limited, the equity division of the New South Wales Supreme Court said.

The liquidators were appointed following an application by Mr. Michael Hand, Nugan Hand director.

The appointment of the provisional liquidators, the Sydney accountants R. H. Smith and K. R. Shirraw, follows an earlier decision by the Nugan Hand Bank to freeze all deposits pending a full audit of accounts, expected to be completed within two weeks.

According to the affidavit filed by Mr. Michael Hand, Nugan Hand Limited has a deficiency of A\$4m (equivalent to some U.S.\$4.4m). The company has liabilities of A\$7m and assets of A\$3m.

Reuter

Rights issue by Taiyo Kobe Bank

TOKYO — Taiyo Kobe Bank, one of Japan's 13 city banks, plans to make a rights issue of ¥21bn (C\$84m) to improve its equity position and boost working funds.

The total, which will increase the bank's share capital to ¥70bn, will include ¥16.17bn of shares to be allocated to shareholders as at July 21 at par, ¥50. This will be accompanied by a free issue totalling ¥3.43bn to shareholders, while in addition ¥1.40bn of shares at par value will be offered through a public placement at market value.

This is the first increase in Taiyo Kobe's share capital since its foundation through the merger of two commercial banks in October 1973.

Reuter

Earnings advance at Genting

BY WONG SULONG IN KUALA LUMPUR

GENTING BERHAD, the casino and hotel group, has reported a 14 per cent increase in pre-tax operating profit, to 50.4m ringgit (U.S.\$22m) for the year to December.

Although the profits were the highest ever, the growth rate appears moderate in comparison with that of previous years. Last year, for example, Genting's earnings rose by over 60 per cent. As in previous years, Genting did not provide a breakdown of its earnings from its various activities, but the casino operations are likely to have contributed the bulk of its profits, although the hotel side has benefited from higher

patronage of its new 18-storey hotel.

Genting also reported an extraordinary gain of nearly 9m ringgit for 1979 (nil previously), from profits on the sale of a substantial part of its holding in Harrison's Malaysian Estates.

Until last year, Genting held about 9 per cent of Harrison's Malaysian Estates, derived from its stake in Golden Hope Plantations.

Genting built up its stake in Golden Hope four years ago, with the intention of taking over, but Harrison's blocked the move by merging Golden Hope with two other plantations, to

form HME. Genting last year sold a substantial part of its holdings.

Genting's bid for the three Kadourie family-controlled estates is in the last stages of completion. The High Court in Hong Kong will hear the case, now that the shareholders of the companies, Amalgamated Estate, Shanghai Kelantan Rubber, and Rubber Trust Estate, have voted for the 208m ringgit Genting offer. The three estates cover over 34,000 acres.

Genting is paying a 10 per cent final dividend, bringing the year's total to 15 per cent, against 12.5 per cent previously.

Sharp rise for TNT at nine months

SYDNEY — Thomas National-wide Transport, the Australian-based transport group, increased its net profit by 87 per cent, from A\$14.9m to A\$27.9m (U.S.\$30.6m) for the nine months to March 31.

The directors said that UK

operations were satisfactory despite adverse economic conditions. Australian activities maintained the performance of the first half.

Grace Brothers Holdings, the Sydney-based retailer, moved against the general retailing trend in Australia with a 12.5 per cent profit rise in its latest half-year.

Profits for the six months to January 28 rose to A\$9.60m (U.S.\$10.5m), from A\$8.38m in the same period of the previous year.

Forfeiting

An effective financing instrument for exporters.

For specialised information and advice, please contact:
Dr. M. Hübner
Tel (052) 458341
Dr. R. Hauser
Tel (052) 458467

BADISCHE KOMMUNALE LANDESBANK GROSZENTRALE
Augusta-Anlage 33 · D-6800 Mannheim 1
(West Germany)

IDB
IDB INTERNATIONAL N.V.
U.S.\$30,000,000
Guaranteed Floating Rate Notes 1984
Unconditionally and irrevocably guaranteed as to payment of principal and interest by
ISRAEL DISCOUNT BANK LIMITED
For the six months
21st APRIL 1980 to 21st OCTOBER 1980
the Notes will carry an interest rate of 17½ per annum.
Bankers Trust Company, London
Fiscal Agent

THE NEW ALLEGHENY LUDLUM OFFERS PROOF THAT IT WORKS.

A RECORD YEAR.

In 1975 Allegheny Ludlum Industries began reshaping itself to fit the future—entering new markets and leaving others, rebalancing the earnings mix, lowering capital requirements and reducing major production costs.

By the second quarter of 1979, these ongoing strategic changes came into full effect, with dramatic results for the year. Net sales rose 19% from 1978 to a record \$1.55 billion in 1979. In the same period, earnings from continuing operations increased 71% to \$63.14 million—also a new high.

Primary earnings per common share were up from \$2.75 in

1978 to \$6.43 in 1979. Equity earnings from partially owned companies grew by \$16 million in 1979 to \$27.75 million.

The facts behind this strong and balanced performance are contained in Allegheny Ludlum's 1979 Annual Report. It's a fascinating portrait of a newly transformed and diversified specialty company—growing, setting standards for the world, poised for the future.

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Department L
Two Oliver Plaza
Pittsburgh, PA 15222

Please send a copy of Allegheny Ludlum Industries 1979 Annual Report to

name _____
title and company (if any) _____
address _____
city _____ state _____ zip _____

Bank of Tokyo Holding SA (Société Anonyme Luxembourg)

U.S. \$35,000,000 Guaranteed Floating Rate Notes Due 1981

For the six months
April 22nd, 1980 to October 22nd, 1980

In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 16½ per cent and that the interest payable on the relevant interest payment date, October 22nd, 1980, against Coupon No. 8 will be U.S. \$86.10.

By: Morgan Guaranty Trust Company of New York, London
Agent Bank

U.S. \$15,000,000
Floating Rate U.S. Dollar Negotiable Certificate of Deposit
Due 19th October, 1981
The Taiyo Kobe Bank, Ltd.
LONDON

In accordance with the provisions of the Certificates, notice is hereby given that for the six months interest period from 21st April, 1980, to 21st October, 1980, the Certificates will carry an interest rate of 17½ per annum. The relevant interest payment date will be 21st October, 1980.

Merrill Lynch International Bank Limited
Agent Bank

Union Bank of Finland Ltd.
(Incorporated in Finland with limited liability)
US \$30,000,000
Floating Rate Capital Notes due 1982

In accordance with the provisions of the Agency Agreement between Union Bank of Finland Ltd. and Citibank, N.A., dated as of 20 April 1977, notice is hereby given that the rate of interest has been fixed at 16½ per cent and that the interest payable on the relevant interest payment date, 22 October, 1980 against Coupon No. 7 will be US \$86.10 and has been computed on the actual number of days elapsed (183) divided by 360.

By: CITIBANK, N.A., London
Agent Bank
22 April, 1980

مكتبة النجف

CURRENCIES, MONEY and GOLD

THE POUND SPOT AND FORWARD

U.S.	2,272-2,240	2,235-2,238	0.22-0.32c	-1.48	0.15-0.05 pm
Canada	2,620-2,614	2,676-2,638	0.17-0.17c	0.00	0.95-0.75 pm
Norfolk	4.51-4.56	4.54-4.56	24-14c	0.00	7.5-7.25 pm
Denmark	1,685-1,685	1,685-1,685	24-14c	0.00	7.5-7.25 pm
Finland	12.95-12.90	12.86-12.87	24-14c	-2.91	6.75-6.53 pm
Ireland	1,685-1,680	1,680-1,680	24-14c	0.00	7.5-7.25 pm
W. Germany	11-4.15	11,100-11,100	0.01-0.01 pm	-0.15	0.75-0.75 pm
Portugal	11,101-11,101	11,101-11,101	par-40c	-2.15	26-130 d
Spain	11,101-11,101	11,101-11,101	par-40c	-2.15	26-130 d
France	11,101-11,101	11,101-11,101	par-40c	-2.15	26-130 d
Italy	1,930-1,945	1,977-1,973	14-14c	0.31	1.16-22d
Norway	15.19-15.24	15.21-15.22	25-25c	0.00	7.5-7.25 pm
Sweden	9.56-9.71	9.57-9.58	25-25c	0.00	7.5-7.25 pm
Switzerland	852-852	858-859	12-12.00 pm	0.00	5.90-5.45 pm
Australia	20-20.50	20-20.50	12-12.00 pm	0.00	5.90-5.45 pm
Belgium	3.83-3.86	3.85-3.86	34-24c	0.00	10.12-10.9 pm

Belgian rate is for convertible francs. Financial chart 67.30-68.00, 67.30-68.00.

THE DOLLAR SPOT AND FORWARD

April 21	Day's spread	Close	One month	% p.a.	Three months
UK†	2,229.2-2,240	2,233.2-2,238	0.22-0.32c	-1.48	0.15-0.05 pm
Ireland†	2,018.0-2,026	2,020.0-2,026	0.12-0.22c	-1.01	0.68-0.81 pm
France†	2,018.0-2,026	2,020.0-2,026	0.12-0.22c	-1.01	0.68-0.81 pm
Nethld.	2,023.2-2,030	2,026.0-2,032	1.49-1.42c	-8.55	3.39-3.32 pm
Belgium	25.79-26.20	26.75-26.77	5-6c	-1.81	4 pm-par
Spain	25.79-26.20	26.75-26.77	5-6c	-1.81	4 pm-par
W. Ger.	1,849.0-1,856	1,850.0-1,855	1.33-1.43c	-9.63	3.67-3.57 pm
Portugal	1,49.50-15.15	15.00-15.15	5c	-0.50	10 pm-85ds
Italy	711.0-716.0	712.0-717.0	10-12c	-0.50	10 pm-85ds
Italy	889.50-870.00	890.50-889.00	141c	-1.03	2.94-3.70 pm
Norway	889.50-870.00	890.50-889.00	141c	-1.03	2.94-3.70 pm
Denmark	4,329.4-4,309.0	4,329.4-4,309.0	2,220-1,700c	-0.66	4.20-2.70 pm
Sweden	4,329.4-4,309.0	4,329.4-4,309.0	2,220-1,700c	-0.66	4.20-2.70 pm
Switzerland	13,370.4-13,460	13,426.4-13,440	2,000-1,800c	-2.25	3.90-2.70 pm
Australia	13,370.4-13,460	13,426.4-13,440	1,150-1,000c	-1.68	2.25-1.70 pm
Australia	13,370.4-13,460	13,426.4-13,440	1,150-1,000c	-1.68	2.25-1.70 pm
Switz.	1,719.0-1,723.0	1,724.0-1,725	1.77-1.67c	-11.36	4.32-4.22 pm

† UK and Ireland are quoted in US dollars. Forward premiums and discounts apply to the US dollar.

CURRENCY MOVEMENTS

April 18	Bank of England Index	Mon. Quaranty Change%	April 18	Bank rate %	Special Drawing Rights	Euro Cur U.S.
Sterling	75.2	-32.8	Sterling	17	0.975198	1.63
U.S. dollar	105.5	+1.5	U.S. \$	16.96	1.510146	0.65
Canadian dollar	81.0	-17.6	Canadian \$	16.96	1.510146	0.65
Austrian schilling	196.8	+8.5	Austrian Sch.	6%	16.8265	1.74
Swiss franc	104.4	+1.2	Swiss Fr.	14	36.85	2.84
Danish kroner	104.2	+4.7	Danish K.	13	7.38890	2.79
Deutsche mark	125.8	+4.4	D Mark	9 1/2	2.59606	2.76
French franc	139.9	+28.3	French Fr.	9 1/2	4.64867	2.82
Guilder	124.4	+19.1	Netherlands	9	21.496	2.82
Italian lire	104.9	+1.2	Italy	9	6.00919	6.87
Yen	65.2	-5.0	Yen	9	21.496	2.82
Lira	116.1	+14.2	Norway, Kr.	9	6.00919	6.87
			Sweden, Kr.	10	5.50408	5.93
			Swiss Fr.	5	2.19569	2.53

Based on trade weighted changes from the
agreement December, 1971
(Bank of England Index=100).

CURRENCY RATES

April 18	Bank of England Index	Margin Guaranty Change%	April 18	Bank rate %	Special Drawing Rights	Euro Cur U.S.
Sterling	75.2	-32.8	Sterling	17	0.975198	1.63
U.S. dollar	105.5	+1.5	U.S. dollar	16.96	1.510146	0.65
Canadian dollar	81.0	-17.6	Canadian \$	15	1.510146	0.65
Austrian schilling	196.8	+8.5	Austrian Sch.	64	1.632625	1.63
Swiss franc	104.4	+1.5	Swiss Fr.	14	36.851	2.74
Danish kroner	104.2	+4.7	Danish K.	13	7.38890	7.89
Deutsche mark	125.8	+14.4	D Mark	10	1.510146	0.65
French franc	139.9	+28.3	French Fr.	9 1/2	5.259065	2.76
Guilder	124.4	+19.1	Netherlands	9	4.64867	5.82
Italian lire	104.9	+14.4	Italy	9	2.741967	2.82
Yen	65.2	-5.9	Norway, Kr.	9	6.00919	6.82
Lira	116.1	+14.2	Sweden, Kr.	9	5.50408	5.82
			Swiss Fr.	5	2.19569	2.93

Based on trade weighted changes from the
agreement signed December, 1971
(Bank of England Index=100).

OTHER CURRENCIES

April 21	£	¢	£	¢	£	Note Rate
Argentina Peso	39.40	39.960	1762	1772	Austria	29.25-29.35
Australia Dollar	20,056	6.3680	0.9125	0.9130	Belgium	67.65-68.00
Brazil Cruzeiro	107.30	106.35	41.6	41.6	Denmark	16.00-16.05
Finland Markka	8.47	8.48	5,790.00	7,920	France	9.56-9.60
Greek Drachma	93.102	95.287	1,436	42.10	Germany	4.11-4.14
Hong Kong Dollar	11.03	11.104	9,970.4	9,974	Italy	1900-1905
Iran Rial					Japan	1000-1005
Kuwait Dinari(K)	0.606	0.616	0.9746	0.9744	Netherlands	4.53-4.41
Liembeng Franc			28	28	Norway	11.80-11.90
Malaysia Dollar	5.0875	5.0975	1.2310	1.2310	Sweden	10.00-10.05
New Zealand Dollar	8.8360	8.8410	1.0790	1.0790	Spain	165-1.66
Peru Nuevo Sol	1.0000	1.0000	5.3285	5.3310	Sweden	9.65-9.69
Singapore Dollar	4.9375	4.9475	5.3285	5.3310	Switzerland	5.25-5.35
S. African Rand	1.7990	1.8000	8.0005	8.0070	United States	2.86-2.87
U.A.E. Dirham	8.36	8.36	6.7360	8.7900	Yugoslavia	494-500

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	36.7897	40.4286	+1.61	+0.77	+1.63
German Mark	7.2338	7.8462	+1.59	+0.75	+1.64
French Franc	2.4835	2.5167	+0.14	+0.48	+1.125
Dutch Guilder	2.9361	3.0585	+0.05	-0.79	-1.257
Italian Lira	2.74362	2.76508	+0.08	-0.06	+1.512
Spanish Punt	0.066201	0.072387	+0.72	-0.72	+1.668
Portuguese Escudo	1157.79	1190.85	+1.99	+1.66	+2.048

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.95-17.05 per cent; three-months 16.65-16.75 per cent; six months 15.20-15.30 per cent; one year 14.10-14.20 per cent.

April 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian \$	Japanese Yen
Short term—	172-174	176-178	81-84	104-106	7-7 1/2	8 1/2-8 3/4	184-189	11-13	178-179	11-11 1/2
90 days' notice	172-173	176-178	81-84	104-106	6 1/2-7	8 1/2-8 3/4	184-189	11-13	178-179	11-11 1/2
Months—	172-173	176-178	81-84	104-106	6 1/2-7	8 1/2-8 3/4	184-189	11-13	178-179	11-11 1/2
Three months	172-173	176-178	174-175	104-106	7-7 1/2	8 1/2-8 3/4	184-189	11-13	178-179	11-11 1/2
Six months	172-173	176-178	174-175	104-106	7-7 1/2	8 1/2-8 3/4	184-189	11-13	178-179	11-11 1/2
One year	172-173	176-178	174-175	104-106	7-7 1/2	8 1/2-8 3/4	184-189	11-13	178-179	11-11 1/2

EXCHANGE CROSS RATES

April 31	Pound Sterling	U.S. Dollar	Deutschem ¹	K'pan ²	se Yen ³	French Franc	Swiss Franc	Dutch Guild ⁴	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	2.33	1.25	55.5	9.13	8.58	4.55	188.	2.53	66.4	
U.S. Dollar	0.44	1	1.62	25.1	4.35	1.72	2.03	188.	2.53	22.75	
Deutschemark	0.82	0.54	1	12.1	2.32	0.92	1.09	46.7	0.53	15.07	
Japanese Yen 1,000	1.791	3.998	7.404	1,000.	17.21	6.92	3,158	34.70.	4.723	13.0	
French Franc 10	1.040	2.325	4.202	591.0	10.	4.010	4.726	3016.	2.744	69.13	
Swiss Franc	0.359	0.579	1.073	144.9	2.494	1.	1.179	502.8	0.594	17.34	
Dutch Guild	0.220	0.421	0.910	122.9	2.115	0.941	1.	426.5	0.580	14.62	
Italian Lira, 1,000	0.516	1.158	3.155	228.1	1.989	2,345	1,000.	1,361	24.88		
Canadian Dollar	0.279	0.946	1.567	211.7	2.644	1.451	1.723	734.7	1.	25.19	
Belgian Franc 100	1.508	3.360	5.233	840.5	14.47	5.801	6.940	921.7	3.970	86.100	

INTERNATIONAL MONEY MARKET

European rates firm

European short-term interest rates had a slightly firmer tone yesterday, despite the sharp fall in New York rates on Friday. The three-month rate in London slipped 3 per cent to 6.25 per cent, while the six-month rate fell 1 per cent to 6.75 per cent. U.S. Treasury bill yields also declined following the sharp unexpected fall in the latest money supply figures, leading to bills will now yield 6.825 per cent, compared with 5.677 per cent previously. The average interest rate on loans charged by major Japanese commercial banks rose by 0.125 per cent to 7.789 per cent in March, the fastest monthly increase on record, and the highest rate since March-1977.

UK MONEY MARKET

Large shortage

market intervention rates, and these interest rates are expected to remain firm in order to keep the franc strong in the European Monetary System.

The outflow of capital also followed France's deteriorating trade performance, and expectations of higher inflation.

In Frankfurt call money rose 8.90-9.00 per cent from 8.75-8.85 per cent, while period rates for 1975-1976 fell 10-11 per cent, with three-month rising to 10.00-10.20 per cent from 9.5-10.5 per cent.

Bank of England Minimum Lending Rate 12 per cent (since November 15, 1979)

DAY-TO-DAY credit remained in short supply in the London money market yesterday, although conditions were easier than first expected. The authorities gave large assistance by buying a small amount of Treasury bills from discount houses and banks, and by lending a substantial amount overnight to two or three houses at Minimum Lending Rate.

LONDON. MONEY. RATES

MONEY RATES		April 31 1980	Starting Certificate of deposit	Interbank	A
EW YORK					
ime Rate	191-20	Over night		18-17 1/2	
ime Rate	174-16	3 days notice			
asury Bill (13-week)	12-00	7 days or			
asury Bills (28-week)	12-05	7 days notice			
EMANY		One month	174-17 1/2	174-17 1/2	
count Rate	7-15	Two months	174-17 1/2	174-17 1/2	
amight Rate	8-20	Three months	174-17 1/2	174-17 1/2	
ne months	10-10	Six months	181-16 1/2	181-16 1/2	
ne months	10-25	Nine months	181-16 1/2	181-16 1/2	
		One Year	184-15 1/2	184-16	
		Two years			

GOLD

Weaker trend

Gold lost \$15 an ounce in the London bullion market yesterday in very quiet trading, to close at \$498-\$500. There was little news of fresh news to stimulate much movement, and markets in Zurich closed early for a local holiday. In London the metal opened at \$500.70, and was sold at a morning fixing of \$508.55, before slipping further to \$506 at the afternoon fixing.

In Paris the 12½ kilo bar was fixed at Ffr 72,500 per kilo (\$246.04 per ounce) compared with Ffr 72,000 (\$231.08) on Friday, and Ffr 72,000 (\$235.48) on Friday afternoon.

In Frankfurt the 12 kilo bar was fixed at DM 30,320 per kilo (\$509.03 per ounce) against DM 30,730 (\$515.00) previously, and compared with \$513-\$518 on Friday.

	April 81	April 18
	Gold Bullion (fine ounce)	
Close	\$510-515	\$495-500
Opening	\$510-515	\$500-510
Morning Fixing	\$511-516	\$500-510
Afternoon Fixing	\$515-50	\$500
	Gold Coins	
Kruggerand	\$527-532	\$507-511
Mapleleaf	\$518-522	\$525-533
Indian Sovereigns	\$528-533	\$528-537
King Sows	\$515-163	\$528-533
Victoria Sows	\$515-163	\$518-163
100 Pesos Mexico	\$515-164	\$515-166
100 Pesos Mexico	\$525-543	\$525-540
100 Pdr. Austria	\$505-512	\$485-495
\$20 Eagles	\$540-545	\$535-545
\$10 Eagles	—	—
\$5 Eagles	—	—

was a small net take-up of Treasury bills to finance. On the other hand the market was helped by a small reduction in the new issue.

Discount houses paid about 17 per cent for secured call loans at the start, with closing balances taken at 16-16½ per cent.

In the interbank market overnight loans commanded 17½-17¾ per cent, before rising to 17½-17¾ per cent, and falling 16½-17 per cent at lunch. In the afternoon rates fell to 15-15½ per cent, and closed at 16-16½ per cent.

Rates in the table below are nominal in some cases.

LONDON. MONEY. RATES

Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills £	Eligible Bank Bills £	Fine Trade Bills £
7½-17½	—	—	17½-17½	16-17	—	—	—
7½-17½	—	17½	17½-17½	16½-17	—	—	—
7½-17½	18½-18½	17½	17½-18½	16½	16½-16½	17½	17½
7½-17½	18½-18½	17½	17½-18	16½	16½	17½	17½
16½-16½	16½-16½	16½	17½	—	16½	16½-16½	16
16½-16½	16½-16½	16½	16½	—	—	16½-16½	—
16½-16½	16½-16½	16	—	—	—	—	—

even days' notices, other seven days' fixed, 14.4 per cent; local authority mortgage rate: four years 14.4, 15 per cent; five years 14.4-15 per cent. *Bank bill rates: Buying rates for four-month bank bills 16 per cent; four-month trade bills 16 per cent; Treasury bills 15 per cent; two-months 15 per cent; three-month rates for one-month bank bills 17 per cent; two-months 17 per cent; three-month bills 17 per cent, and three-months 16 per cent.

(Source: The Finance Houses Association) 18 per cent from April 1, 1980. Clearing Bank's notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury bills 11.75 per cent.

The table below gives the latest available rates of exchange for the pound against various currencies for the year 1980. In some cases, rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from rates of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate; no direct quotation available; (F) free rate (F) based on U.S. dollar parities and sterling/dollar rates; (S) member of the sterling area; (A-S) Scheduled Territories; (T) tourist rates; (Bas): basic rate; (b): buying rate; (Bk): bankers' rate; (cm): commercial rate; (cn): convertible rate; (fn): financial rate; (ex): exchange certificate rate; (Sc): Switzerland; (N): non-commercial rate; (nom): nominal; (o): official rate; (sp): selling rate.

[illegible]

*That part of the French Community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 93.80. §Based on the transfer market (controlled). ¶Rate is now based on 2 Barbados \$ to the dollar. **New official rate. (U) Unified rate. (G) Generalized system of preferences. (C) Countries having a bilateral agreement with Egypt, and who are not members of IMF. (R) Russian rouble. (I) Indivisible rouble. (B) Based on gross rates against

This announcement appears as a matter of record only.

BANCO DE MOÇAMBIQUE

U.S.\$ 20,000,000
Medium Term Loan

Managed by
BANQUE DE L'UNION EUROPÉENNE

Co-managed by
BANQUE NATIONALE DE PARIS
CRÉDIT AGRICOLE (C.N.C.A.)

**BANQUE COMMERCIALE POUR L'EUROPE DU NORD (EUROBANK)
FRANÇAISE DU COMMERCE EXTÉRIEUR BANQUE NATIONALE DE PARIS
E DE L'UNION EUROPÉENNE CAISSE NATIONALE DE CRÉDIT AGRICOLE
CRÉDIT COMMERCIAL DE FRANCE CRÉDIT INDUSTRIEL DE L'OUEST
CRÉDIT LYONNAIS SOCIÉTÉ LYONNAISE DE DÉPÔTS**

Agent
BANQUE DE L'UNION EUROPÉENNE

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	April	July	Last	Oct.	Last	Stock
ABN	C	F.800	10	33				F.894.50
ABN	C	F.850						
ABN	C	F.810	15	6.20	5	8.60		
ABN	C	F.830	25	2.80				
AKZ	C	F.28.50	19	2.50	19	3.30		F.84.10
AKZ	C	F.26	22	1.20	53	1.90		
AKZ	C	F.27.50	10	0.70	77	1.50		
AKZ	C	F.30	5	0.10				
AKZ	C	F.25			20	3.30		
AKZ	C	F.25.50			3	9		F.61.30
ARB	C	F.65	32	1.90	3	9		
ARB	C	F.70	3	0.90				F.66.5
ARB	C	F.70	12	0				F.68.5
ARB	C	F.80	10	1 1/2				
HEI	C	F.60	2	5.50			5	8
HEI	C	F.65	8		5	6		F.61.30
HEI	C	F.70	9	9				
HEI	C	F.52	5		5	5		
HEI	C	F.55	5	5.50	5	7.50		
HEI	C	F.50	12	5.90				
HEI	P	F.48	10	0.60				
HO	C	F.50	2	0.40				F.19
HO	C	F.52.50	2	0.60				F.91
IBM	C	F.55	17	3 3/8	3	4 1/2		
IBM	C	F.60	1					
KLM	C	F.50	41	4	10	7.90		F.60.50
KLM	C	F.70	76	1.60	51	3.10		
KLM	C	F.80	16	0.40	40	1.10		
KLM	P	F.50	25	5	6			
KLM	P	F.70	16	10.60				
NN	C	F.100	10	18	11	9		F.12.90
NN	C	F.110	10		11	4		
NN	C	F.112	46	4.40	3			
NN	C	F.100	29	3		1.80		
NN	P	F.110	2	2.50	2	4		
NN	P	F.112	8	6	8	7		
NN	P	F.120	1		10	9		
PET	C	F.800	4	1.50				F.85
PET	C	F.85	1	0.50				F.18.90
PHI	C	F.20	25	0.60	37	1	5	1.60
PHI	C	F.22.50			78	0.50		
RD	C	F.135			10	15.80		F.124.10
RD	C	F.130	24	8.50	10	10		
RD	C	F.130	153	4.70	60	6		
RD	C	F.170	300	5.50	76	3	11	9
RD	C	F.140	4	2.20	1	5.90		
RD	P	F.170	86	4.40	27	7.40		
RD	P	F.170			5	24		
UNI	C	F.112	28	2.80				F.112.60
UNI	C	F.130	55					
UNI	C	F.105	2	2.50				
May								
Aug.								
Nov.								
BA	C	840		1	9			ISS7 1/2
GAS	C	DM.140	1		50	4.50	60	DM145.80
GAS	C	DM.150			3	1	30	60
GAS	C	840			40			DM33 1/2
BAZ	C	\$535.08						
BAZ	C	840	55	1	20 1/2			DM25 1/2
BAZ	C	DM.90						\$105 1/2
SLB	C	\$110	10	17 1/2	10	7 1/2		DM136.20
SLB	C	\$120	30	15	12	5.50		DM188.50
WES	C	DM.150			15	12.30		
VV	C	DM.180						
VV	C	DM.190	60	5.50				
TOTAL VOLUME, IN CONTRACTS								
							2168	

BASE LENDING RATES

A.B.N. Bank	17	%	■ Hambros Bank	17	%
Allied Irish Bank	17	%	■ Hill Samuel	17	%
Amoy Bank	17	%	■ C. Hoare & Co.	17	%
Anglo-Indian Express Bk.	17	%	■ Hongkong & Shanghai	17	%
Henry Ansbacher	17	%	■ Industrial Bk. of Scot.	17	%
A P Bank Ltd.	17	%	■ Keyser Ullmann	17	%
■ Arabotnot Latham	17	%	■ Knowlesy & Co. Ltd.	17	%
Associates Jap. Corp.	17	%	■ Langrigs Trust Ltd.	17	%
Bank of Australia	17	%	■ Leake Bank	17	%
Bank of Credit & Comm.	17	%	■ Edward Manson & Co.	17	%
Bank of Cyprus	17	%	■ Midland Bank	17	%
Bank of N.S.W.	17	%	■ Samuel Montagu	17	%
Banque Belge Ltd.	17	%	■ Morgan Grenfell	17	%
Banque du Rhone et de la Vallée S.A.	17	%	■ National Westminster	17	%
Barclays Bank	17	%	■ General Trust	17	%
Bremar Holdings Ltd.	17	%	■ P. S. Refson & Co.	17	%
Ryft. Bank of Mid. East	17	%	■ Rossminster	17	%
■ Brown Shipley	17	%	■ Ryft. Bk. Canada (Ldn.)	17	%
■ Canada Permit Trust	17	%	■ Schlesinger Limited	17	%
■ Commercial Union	17	%	■ S. S. Schwab	17	%
■ Cedar Holdings	17	%	■ Seaford & Sons Ltd.	17	%
■ Charterhouse Japhet	17	%	■ Seaford & Sons Ltd.	17	%
■ Chaulartons	17	%	■ Seaford & Sons Ltd.	17	%
■ C. E. Coates	17	%	■ Trade Dev. Bank	17	%
■ Consolidated Credits	17	%	■ Trustees Savings Bank	17	%
■ Co-operative Bank	17	%	■ Twentieth Century Bk.	17	%
■ Corinthian Securities	17	%	■ United Bank of Kuwait	17	%
■ The Cyprus Popular Bk.	17	%	■ United Bank of London	17	%
Duncan Lawrie	17	%	■ Williams & Glyn's	17	%
■ E. L. Trust Limited	17	%	■ Wintrust Sees Ltd.	17	%
■ First Nat. Cos. Ltd.	17	%	■ Yorkshire Bank	17	%
■ First Nat. Sec. Ltd.	17	%			
■ Robert Fraser	17	%	■ Members of the Accepting House Committee.		
■ Antony Gibbs	17	%	■ 7-day deposits 15%, 1-month deposits 15%.		
■ Greyhound Guaranty	17	%	■ 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15%.		
■ Grindlays Bank	17	%	■ £ Call deposits over £1,000 15%.		
■ Guinness Mahon	17	%	■ Demand deposits 15%.		

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20 cents to A\$7.90,
cents to A\$3.18,
16 cents to A\$2.30
5 cents to A\$1.50.

...of the spectrum following its performance for gold in Hong Kong over the weekend. Heavy selling resulted in a 10-cent fall by Bougainville to \$1.88, and a 38-cent decline by Central Norseman to \$45.60.

...nch and soaring share prices were mixed with a slight recovery of declines after lighting.

Market observers said the decline in interest rates and the 1979 earnings performance was turned in by many companies had been overshadowed by elements: News last Friday

deterioration in France's position and the fact that yesterday was Settlement Day. The monthly trading Account books were firm in contrast to the generally hesitant trend of Stocks, Constructions and Metals mixed, while declines predominated in other sectors.

to profits for last year, shed FFR 4 to FFR 475, big to respond to news of first-quarter turnover.

hambesburg

and shares and Mining shares generally closed in sympathy with the Bullion price.

vald Brand lost 75 cents

8.25 and Southval 50 cents
22.25, but Vaal Reefs hard-
ly 50 cents to R57.50. Among
specials, Angles shed 25 cents
to R13.00, while Diamond leader
Beers declined 20 cents to
R11.00.

Hong Kong
The market was closed yesterday for the Queen's Birthday holiday.

JAPAN (continued)

April 21	Price Yen	+ or -
Kubota	358	+2
Kumagai	340	+2

Kyoto Ceramic	3,070	+50
Lion	358	0
Mitsubishi	432	0
Mitsubishi	985	-6
Mitsubishi	388	+1
Mitsubishi	547	-5
Mitsubishi	600	+2
Mitsubishi	680	-1
Mitsubishi	310	+4
Mitsubishi	414	0
Mitsubishi	680	-17
Mitsubishi	191	+6
Mitsubishi	368	+2
Mitsubishi	186	+1

Mitsui Co.	310	-3	years.
Saburi R Est.	452	-1	one of i
MitsuiKoshi	396	+3	in which
NGK Insulators	441	-4	Britain.
Nippon Ganko	1,100	-10	3,000 tons
Nippon Gaisyo	685	-6	quadruple
Nippon Mexi	409	+10	was almost
Nippon Oil	2,420	+2	agriculture
Nippon Shimpn.	542	+12	
Nippon Steel	129	+2	
Nippon Surim.	201		
NTV	4,550		
Nissan Motor	680		
Nishiki Store	700		

Nishin Steel	148	+5	SH CO METALS
Nomura	376	+5	
NYK	304	+2	
Olympus	830	+10	
Orient	938	+10	
Pioneer	1,770	+1	
Renown	486	+1	
Ricoh	550	+15	
Sanyo Elec	361	-1	
Sapporo	258	-5	
Sekisui Prefab	690	-5	SH CO METALS
Sharp	551	-5	
Shiseido	890	-5	

Sony	1,950	+30		
Stanley	436	+1		
S'tomo Marine	256	-2		
Taihei Denryo	670	-10		
Taisei Corp	201	+1		
Taisei Pharm	541	-1		
Takada	476	-5		
TDK	1,910			
Teljin	1,440	+8		
Tokoku Oil	1,590	-10		
TSS	508	+1		
Tokio Marine	568	-4		
Tokyo Elect.Pwr.	800			
Tokyo	118			

Tokyo Sanyo	578	-5
Tokyo Sanyo	676	+8
Toshiba	209	+2
Tokai Corp.	405	-10
TOTO	415	+1
Toyo Saitan	815	-10
Toyota Motor	1,360	+5
Vacoco	674	-80
Yamaha Motor	970	+50
Yamazaki	485	-5
Yasuda Fire	275	-5
Yokogawa Edge	515	-5

SINGAPORE

	Price \$	+ or -
Boustead Bhd	4.48	+0.97
Gold Storage	3.14	
DBS	4.46	-0.94
Fraser & Neave	6.15	+0.95
Haw Par	1.87	
Inchopea Bhd	2.42	
Malay Banking	8.75	+0.95
Malay Brew	4.72	
OCBC	8.10	

	Apr. 21	Price Rand	+ or -
Aberdeen	2.85		
AE & CI	7.00		+0.25
Anglo Am. Co.	18.00		+0.25

Anglo Amz. Gold	82.00	-0.25
Barlow Amz.	9.30	-0.25
Barricks	33.25	
CNRA Inverts	4.65	
Currie Finance	1.75	
De Beers	9.10	-0.25
East Drie	24.50	
FS Geduld	56.00	-0.25
Gold Fields SA	7.1	-0.25
Highveld Steel	7.1	-0.25
Isplats	6.40	-0.25
Kloof	22.75	
Nadbank	5.25	
OK Bazaars	15.10	

Protein Hlids	2.97	
Rembrant	6.05	-0.05
Tennis	2.85	
Test Pl at	5.05	+0.08
Age Hlids	2.60	
LA Crows	5.15	-0.04
Smith CG Sugar	11.15	
Fore	1.53	
User Cuts	14.40	
Unisc	1.85	-0.03
Financial Rand	US\$0.93	
Discount @ 25%		

April 18	Price Gazp	+ or -
Acacia	1.48	+0.05
Alanco Brazil	2.75	+0.05
Alga Min	1.20	-0.05
Alga Amar	2.58	+0.05
Alstrobus PP	2.75	+0.17

orelli	2.30
Coza Cruz	5.30
nlp PE	6.40
ale No Docs	8.00 + 0.40

Source: Cr. 532/bm Vol. 177.9n.
Source: Rio de Janeiro SE.

Spanish prices, Page 18
are as quoted on the
market prices - 3 Ocelling
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Friday	Stocks traded.
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Spanish prices. Page 18
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market prices. 3 Dailings
for world news. under right

Source: *the Jamaica ST.*



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